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## NEWS SUMMARY

### BUSINESS

## Grocery bills up 11½% in past year

● GROCERY BILLS have edged up again after falling for two months in a row. Most fruit and vegetable prices have dropped, but meat, butter and eggs have all gone up, with the result that the F.T. Grocery Prices Index is a marginal 0.35 points higher than a month ago at 236.81.

The increase in the index is much less than a year ago, when the drought was pushing up fresh food prices. The rise over the past 12 months has been cut back to 11.5 per cent., compared with a year-on-year increase of 15.8 per cent. last month and nearly 20 per cent. at the beginning of the year. Page 10

● AVERAGE person spent £5.15 a week on food during the three months to the end of June, 5.1 per cent. more than in the first quarter of the year. Some of the increased spending was due to higher prices, but extra purchases of poultry and ham also played a part. Page 10

● MOST SHOPS will cut their profit margins on instant coffee to limit the next round of coffee price increases. Page 10

## Councils to get more powers to aid industry

● SOME LOCAL authorities will be given extra powers to help industry under a new Bill planned by the Government. Authorities with serious inner area problems will be able to increase from 75 to 90 per cent. their loans for buildings, improvements and land purchase. Back Page

● GOVERNMENT should change its industrial policy to put more emphasis on promoting competition, partly through rigorous scrutiny of mergers, rather than encouraging concentration, according to an article by Sir Alec Cairncross and two other economists. They say the Government should avoid direct involvement, but create a more favourable business environment. Page 6

● BREWERS this week will give the Government their reply to the Price Commission's allegations of inefficiency in the industry. Some brewers are concerned that lengthy discussions and doubts about the Government's attitude may prevent any beer price rise before the end of the year. Page 10

● HONG KONG Governor, Sir Murray Maclehose, wants Britain to use its influence to persuade the EEC to moderate its stand against textile imports from Asia. Page 5

## Sharp increase in demand for bank loans

● BANK LENDING has grown more sharply in recent months, with industry taking the biggest share, according to Bank of England figures. Back Page, tables Page 10

● COMPANIES' capital-raising rights issues, which have tapered off in the past few months, are expected to remain fairly thin for the rest of the year. The total is unlikely to be much more than £600m. this year, compared with £1bn. last year and £1.2bn. in 1975. Back Page

● NATIONAL SAVINGS movement has already attracted more funds so far this year than the record total for the whole of last year. Page 6

● PEOPLE are feeling more optimistic about their financial prospects now than at any time since the beginning of 1970, according to the latest FT survey of consumer confidence. There appears to be a stronger feeling that it is a good time to buy consumer durables. Page 10



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# Healey wins IMF chief's backing for economic package

BY JUREK MARTIN AND DAVID BELL: Washington, Sept. 25

**Dr. Johannes Witteveen, managing director of the International Monetary Fund, has approved the idea of a package of measures to stimulate the British economy later this year.**

This emerged in remarkable fashion at a Press conference after a meeting of the IMF's interim committee under the chairmanship of Mr. Denis Healey, the Chancellor—who assumed the post after the collapse of German and Dutch opposition to his nomination.

Dr. Witteveen noted the general concern that the recovery from the 1974-75 global recession was in danger of petering out. As a result growth policies should not be confined to the major surplus countries (West Germany and Japan), but he extended to smaller nations in good payments positions (such as the Netherlands and Switzerland) and to countries which until recently had been in difficulties.

He turned to Mr. Healey, who otherwise was dominating the Press conference, and referred to the considerable progress Britain had made. "So far success has been from a financial point of view, but I regard success as a more substantial development of the real economy."

Mr. Healey seemed barely able to contain his delight, not surprisingly since Dr. Witteveen, normally the soul of discretion, is not given to issuing public statements of approbation.

Soon afterwards the Chancellor said he had heard, for the first time he could recall, "quite encouraging" remarks from the managing director. He described the British performance on both the balance of payments and inflation as "astonishing" and said most people thought there might be room for stimulus within the limits of Britain's commitment to the IMF.

It is not thought that either Mr. Healey or other members of the British delegation have discussed the pending British measures in detail with IMF officials here.

The Chancellor implied in Barbados last week that the package might be presented in November, but he refused to speculate on its size or content.

The Government will clearly take comfort from the IMF's endorsement of stimulus, but it

West Germany's recent package of measures to stimulate the economy may not be adequate, according to the Munich-based Institute of Economic Research. But it warns that it would be wrong to believe that problem countries can overcome their own difficulties by stronger West German expansion alone. Page 4

is obvious that the IMF and World Bank annual meetings have convened in an atmosphere of considerable pessimism about the world economy.

Mr. Healey agreed with Dr. Witteveen on the need for more countries to shoulder the burden of promoting growth. He had detected "a perceptible shift of emphasis" in the interim committee's discussions.

It was still agreed that controlling inflation was a precondition for general improvement but there was now much greater concern that the recovery might peter out and that demand would be inadequate to support growth levels which could bring about reductions in unemployment.

Much of what went on in the interim committee was hardly designed to encourage optimism. Mr. Michael Blumenthal, the U.S. Treasury Secretary, pointedly argued that the U.S. could not be expected to do more about its economy because of the domestic political problems associated with its large payments deficit.

There is much doubt that the latest German and Japanese stimulatory packages are anything like enough. Nevertheless criticism of the two Governments was relatively muted.

Herr Noel, the German Finance Minister, was given a sympathetic hearing for his explanation that the German Government's hands were tied in encouraging growth because of the reluctance of the regional authorities to make full use of the incentives which had been offered.

Mr. Healey said the latest German measures would stimulate imports into Germany, though he was much less sanguine about the Japanese measures having the same effect. But when asked if he thought they would mean that Germany would reach growth targets next year he replied: "You'll have to ask Apel that," adding that for the current year German growth was going to be at least 25 per cent. below its goal.

A pessimistic view of the outlook was given by Mr. Emil van

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Editorial comment Page 14

# Over 200 queue for Skytrain take-off

By Michael Donne, Aerospace Correspondent

A QUEUE of more than 200 people awaited the opening of the Skytrain ticket desk at Gatwick Airport at 4 a.m. to-day. Some of them had been waiting since Friday evening.

The first Laker Airways Skytrain—a DC10 jet—takes off at 5.30 p.m. to-day offering 345 seats to New York at £59 single. There will be a daily flight from now on.

The first Skytrain from New York will leave Kennedy Airport to-night at 11 p.m. Tickets are also available from a Laker office from 4 a.m. and queues there in the rain were reported last night.

Yesterday, Mr. Freddie Laker, who greeted the Gatwick queue and signed his autograph on request, described his service as "the best show in town." He will be on the flight deck for the first trip.

While many of the rules governing Skytrain have been changed—making it easier to sell the plan to the public—it is essentially as Mr. Laker intended, a no-frills, no-reservations service at the lowest fare yet for scheduled flights on the North Atlantic.

Mr. Laker believes firmly that he is tapping a new market. But Skytrain faces formidable competition from the scheduled airline-members of the International Air Transport Association.

They have London-New York traffic rights—British Airways, Pan American, Trans World Airlines, El Al of Israel, Air India, and Iran Air.

These six airlines can offer up to 2,900 seats out of London every week, either on a no-reservations stand-by basis at £64 single, or through the 21-days' advance booking Budget Plan, at £69 single.

With Laker's flights, there will be more than 5,300 cheap flights every week out of London to New York on seven airlines.

Under the Budget Plan, a passenger gives an airline 21 days' advance notice of his travel date, but he must be prepared to accept a flight several days either side of that. The airline guarantees to give him at least ten days' notice of his flight.

John Wyles writes from New York: Laker's new Skytrain office will open here this morning. Yesterday inquirers were told by a recorded telephone message when tickets would be available. They heard that meals and films would be available during the flight "but you will have to pay for them," and that they were "welcome to bring your own sandwiches."

Americans are said to have shown strong interest in the new service.

# Government stand on pay angers MPs

BY PAULINE CLARK, LABOUR STAFF

THE GOVERNMENT was faced with the wrath of both Tory and Labour MPs yesterday including a demand for recall of Parliament because of its tough stance on pay negotiations in a number of Britain's leading companies.

As Ministry of Agriculture officials confirmed that Tate and Lyle, the sugar company, had been threatened with Government sanctions if it gave in to workers' claim for a wage rise well above the 10 per cent. guideline, there were strong calls for either a legally enforceable and properly worked out incomes policy or for a return to real free collective bargaining.

Mr. Norman Lamont, Opposition spokesman on industry, described the threats to Tate and Lyle as "even more objectionable and extraordinary" than those in the case of the Belfast company James Mackie.

"If the Government wish to have a rigid statutory policy they should have the guts to put laws through Parliament to that effect."

Mr. Reg Prentice, Labour MP for Newham North East, criticised Government policy for being a "halfway" house. He argued that the Government should either have a properly defined statutory incomes policy or else it should move towards free collective bargaining "in the absolute sense."

Tate and Lyle is one of a number of companies faced on the one hand by wage demands which appear to breach the Government's guidelines and on the other by the threat of Government sanctions if they agree to meet them.

Vauxhall over the week-end returned to the negotiating table with an improved offer of around 10 per cent. to its 10,000 workers in Luton, Dunstable and Ellesmere Port factories.

Unions had earlier rejected an 8½ per cent. offer with threats of militancy. This week they will be looking at the new offer together with a self-financing productivity proposal which could mean up to 5½ a week more as well as a cost of living clause ahead of further joint negotiating committee talks early next month.

Ford Motors will also resume negotiation this week.

The unions, which had demanded a 15 per cent. wage increase together with improvements in fringe benefits, have rejected a company offer of 8½-10½ per cent.

At a meeting with both Ministry of Agriculture and Department of Employment officials in London last week, it was made clear to Tate and Lyle that if it agreed to any award for its 6,000 employees that was outside the national pay policy, the Government had a number of options open to it.

### Sanctions

Possible sanctions included withdrawal of Whitehall support in international sugar supply negotiations, suspension of export credit guarantees, loss of Government contracts and withdrawal of grants for manufacturing projects.

It was also indicated that any future application for a rise in prices might not receive a favourable response from the Price Commission.

Tate and Lyle, which has not made an official offer in response to its workers' demand for a 24 per cent. increase and which was said to be seeking clarification of its position, is expected to return to the negotiating table later this week for further discussions on pay.

Its position in the negotiations is made all the more difficult by the Government's recent tough stand with Mackie. Last week it decided to withdraw export credit guarantees from the company because it had breached the pay guidelines with a 22-23 per cent. award to 4,000 employees.

# NUJ ready for mediation

BY OUR LABOUR STAFF

THE National Union of Journalists agreed last night to allow mediation to take place on the 16-week closed shop strike by journalists in Darlington without insisting on pre-conditions.

At the same time, it made clear, however, that during the mediation process, the 107 striking journalists would not be going back to work.

After a three-hour special executive committee meeting, a heavy majority was said to be in favour of the union withdrawing its demand that any settlement following mediation talks must uphold the policy of 100 per cent. post-entry membership.

The decision was taken after an appeal earlier in the week from the TUC printing industries committee for reconsideration of the pre-conditions. The NUJ said instead last night that the recommendations of the mediator would be examined "in the light of union policy."

Mr. Ken Morgan, general secretary of the NUJ, added that the union would be in touch with the printing industries committee to-day and that he expected contact very shortly with Mr. Jim Mortimer, chairman of the Advisory Conciliation and Arbitration Service, on the appointment of a mediator.

# Israel agrees to unified Arab delegation at talks

BY RICHARD JOHNS, MIDDLE EAST EDITOR

THE ISRAELI GOVERNMENT yesterday accepted, but only with important qualifications, that Arabs might be represented by a unified delegation at the opening session of negotiations on a Middle East peace settlement, and that Palestinian delegates might participate in it.

Hitherto Israel, in her search for separate peace treaties, has rejected the concept of a single delegation.

Acceptance of it appears the only movement toward breaking the procedural deadlock before reconvening the Geneva Conference which has resulted from last week's talks between President Carter and Mr. Moshe Dayan, the Israeli Foreign Minister.

The proposal for a unified delegation was put forward by the U.S. to overcome the problem of Palestinian participation, which Mr. Carter believes essential. Egypt, Syria, Jordan and the Palestine Liberation Organisation have all indicated that in principle they are amenable to such an idea.

After announcing its approval the Israeli Cabinet issued a communique laying down conditions for its accepting the idea of a unified Arab delegation.

1. It should take part only in the opening ceremonial session of the conference and conduct no negotiations.
2. It should split into three working groups dealing with

The Palestine Liberation Organisation said last night that Palestinian guerillas in South Lebanon had begun a ceasefire. Page 4.

"problems relating to individual settlements with Egypt, Syria and Jordan.
3. Palestinian participants with no links with the Palestine Liberation Organisation might participate but only as part of the Jordanian delegation.

Mr. Dayan said yesterday that Israel had not in any way softened her previous stand against dealing with a unified Arab delegation or the PLO. In an American television interview he explained that his Government had agreed only to a "symbolic" reconvening of the Geneva conference.

The Israeli Government has for some time indicated that it would not scrutinise too closely the origins of members of a Jordanian delegation, provided that they were not known members of the PLO. Israel's aim now is apparently to get included prominent individuals from the West Bank, the most obvious candidates being the elected mayors of the municipalities there.

Most of the mayors and councillors returned in last year's poll, which saw many traditional "notables" removed from office, are known to have PLO sympathies.

● In an interview recorded last week by the American Broadcasting Corporation, the transcript of which was released to-day, Mr. Yasir Arafat, the PLO leader, said that the inhabitants of a new Palestinian state should have self-determination on the relationship of that state to Jordan—but not if the vote decided that King Hussein should be the new nation's leader.

# Differences over international rules against business bribery

BY MARGARET REID

THE INTERNATIONAL business community's efforts to hammer out an agreed code of conduct to fight the growth of bribery in world commerce are running into problems because of sharp differences over the toughness and scope of the rules required.

Lord Shawcross, the former Attorney-General, who is chairing the Commission of Ethical Practices set up by the International Chambers of Commerce to tackle the problem, is battling for adoption by companies of a tough code of rules to outlaw bribery, extortion and secret "slush" funds.

Backed by most British and American opinion, he wants a wide-ranging code, of the kind already drafted, to ban giving or seeking bribes and kick-backs, and to lay down strict principles concerning agents and political payments, along with a council to administer the code.

Continental businessmen are taking a more sceptical view of the effectiveness of the proposed code, and question the appropriateness of the adjudicatory role planned for the council. In France, West Germany and Holland particularly there is a desire to replace the draft code with an inevitably softer statement of guidelines.

*Lord Shawcross, who is also* chairman of the City Takeover Panel and the Press Council, is believed to feel so strongly about the need for an effective code of conduct that he would in the last resort resign rather than be associated with a substantially watered down version of the draft "Shawcross Code."

He is thought to be determined to make a stand in favour of rules embodied in a code, rather than guidelines only, and for the concept of a council to run the system.

Papers circulating among businessmen who have considered the draft code show that at a confidential meeting on the subject at the end of June Lord Shawcross said: "I just want to emphasise that the Commission is composed of people of importance and standing who would not lend themselves to window-dressing but would retire if the ICC were not prepared to put forward something credible. . . .

"None of us on the Commission is prepared to be a party in some wishy-washy suggestions of what people ought to do, without any sort of means of ensuring that they are persuaded to do the things."

The International Chambers of Commerce set up, in December 1975, a commission of eminent people under Lord Shawcross to examine corrupt payments.

Other members included M. Jean Rey, the Belgian who was formerly President of the European Economic Commission; M. Jacques Georges-Picot, one-time president of the French Compagnie Financière de Suez; and Sheikh Ahmed Zaki Yamani, the Saudi Arabian Petroleum Minister.

The draft code it produced, essentially aimed at strengthening companies' hands in resisting extortion in the shape of demands for bribes as a prelude to doing business, was circulated to the 54 national committees of the ICC and made known publicly earlier this year.

The threatened rift has become apparent following circulation in the business community of the full report of a two-day confidential conference of leading world businessmen at Versailles on June 28-29 to discuss the draft code.

A revised and simplified draft code of business conduct is likely to be put before the next meeting of the Commission in Paris on October 5-6.

This new draft could well, in response to criticism, drop two provisions which have been extensively disliked. One is a model clause against bribery which had been intended for companies to write into their own contracts; the other a "restraints of trade" provision in favour of free competition regarded by many as not really relevant to the area of corruption.

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LOMBARD

# Less freedom for town halls

BY COLIN JONES

BOTH the Government and the Conservative opposition have now come out against the main thrust of the Layfield report on local government finance: and in grappling with the dilemma raised by Layfield—how to reconcile freedom at the local level with central management of the economy—they are both, in their differing ways, inching towards arrangements which will favour stronger central control. The Conservatives may appear to talk more about local freedom. But political parties always do when they are in opposition at Westminster and in control of most of the town halls. It is when they think through to when the positions will be reversed (as politicians also have to do) that the Conservatives find themselves swayed by much the same influences as the Government.

The first of these is the need to ensure that, in aggregate, local spending plans are compatible with the Government's economic objectives. This is not a passing fad, which fades away once the growth of local spending has been brought to a shuddering halt. Now that just over a sixth of the GDP, and a third of all Government spending, goes on the unmarketed services and transfer payments provided by local councils, it is one that must clearly remain. Secondly, there is the pressure both at Westminster and in Whitehall—and increasingly in the country at large—for local services, such as education, housing, and the personal social services, to reflect national priorities and national policies and to be provided to broadly uniform standards.

Thirdly, while it is recognised that local councils may be the better judge of local problems, there is also a growing belief that they cannot always be relied upon to find answers that offer best value for money. Finally, there is the question of what should be done about the local rates. Traditionally unpopular, the rating system has long ceased to be an adequate base for a local tax and, with the growth of owner-occupation and the virtual extinction of the private landlord, a system of rental-based assessments is becoming more and more unworkable.

The Government's answer, basically, is threefold. Retain the local property tax but re-base domestic assessments on capital values and invent a formula so as to maintain the link (and a brake) with the business rate. Adopt a new grant system (the "unitary grant") which would make full allowance for differing needs and resources. Finally, give local councils more choice on points of detail—as now in transport policy, as Mr. Peter Shore, the Environment Secretary, is hoping to do in housing, and as the Think Tank has suggested in social policy. The Conservatives, on the other hand, remain dead set against domestic rating. Like the Government, they reject the idea of a local income tax and are looking, albeit in an increasing dispirited fashion, for some kind of local expenditure tax surcharge. Meanwhile, they would impose a permanent system of cash limits on total local spending—not merely on the grant—and would also provide more scope for local choice on how the money was spent.

The Conservative approach may seem the more radical but the eventual outcome might not be much different. Cash limits would remove the real freedom that local councils enjoy, which is the freedom to vary their spending at the margin, but the unitary grant could lead to much the same result. In theory it would allow all councils, whatever their needs and resources, to levy broadly the same rate poundage for broadly the same range and standard of services. In practice, of course, councils which charged much more or much less whatever the reason, would be exposed to immense public pressure to conform. Moreover, both the unitary grant and cash limits would call for a more reliable system of needs assessment than now exists and this would inevitably lead on to questions about local costs and local efficiency. And Ministers would still choose to intervene on detailed issues—like bus subsidies, or as Mrs. Shirley Williams is trying to do in education.

Furthermore, the Conservatives may be embarrassed by their hasty pledge to do away with domestic rates, but the Government (or its successor) could yet be equally embarrassed by the shift to capital values: for the change in the incidence of local rates which will be caused by the combination of a revaluation made after a gap of ten (or more) inflationary years and the adoption of capital values could well create the biggest populist outcry yet against the rating system.

As with Scottish devolution, the ideal may be more local choice but the reality will still be financial dependence. In the case of local government, the mistake was made ten years ago when the Redcliffe-Maud commission was asked to look at functions and structure but not finance. It was like deploying an army in the field before thinking about how it would be supplied. Far better to study the logistics and then decide the role, shape, and size of the army.

THE WEEK IN THE COURTS

# The case against confusion

BY JUSTINIAN

LAWYERS RETURNING to begin another year under the impending deliberations of the Royal Commission on Legal Services will be comforted by a powerful plea for the retention of the divided profession into barristers and solicitors from one of the City's outstanding solicitors.

Fusion of the two branches is being constantly demanded by the forces of progress. No less a redoubtable public advocate of it than Lord Goodman, a practising solicitor himself but now translated to the calmer climes of academia as Master of University College, Oxford, has described the present system as "cumbersome, ritualistic and expensive." To this powerful rhetoric from a facile protagonist of the reformers, Dr. F. A. Mann replies in a legal academic journal with cool and compelling logic.*

His thesis is that all advocacies of fusion proceed upon the assumption that the problem is simply one of shuffling the two packs of cards, reorganising the professional bodies and, following a transitional phase of getting used to a new structure of legal practice, legal services will then be available in cheaper and simplified form. But that assumption, in the author's view, fatally overlooks the fact that the separate roles of the two sides of the profession are inextricably bound up with the administration of justice. To scramble the lawyers will be to affect materially (and he suggests in an adverse way) the basic aspect of the system of justice, if not the actual substance of English law.

Why is it that the legal profession in England is so different from that in most other countries with comparable social values? The answer lies less in the fortuitousness of historical development than in the rules of the administration of justice to which the profession has effectively adapted itself. The rules are of a distinctive character that compelled a quite different organisation of the legal services.

Unlike all the European legal systems, the facts and the evidence in an English court are presented orally, and the legal argument is also submitted orally by advocates. The argument before the courts, even in the courts of appeal, is almost never put in written form. There are exceptions: in the Chancery Division of the High Court much evidence is adduced by affidavits (to which the deponents can be subjected to oral cross-examination) and in the House of Lords the parties do prepare a written brief in advance of the oral hearing. But those, and a few others, are minor variations on the essential oral nature of the English trial.

This feature of the English process demands a particular brand of lawyer. Continuous experience of handling witnesses in the courtroom, a knowledge of the habits of judges, the instantaneous reaction to situations in the court, the ability to think and act on one's feet, and the detached assessment of the strength and weakness of a client's case all call for an expertise over and above the ordinary equipment of the professional knowledge of abstract law. The advocate needs to be someone who is free from the restraints of administering an office and who can devote himself to the client's forensic battles, unharassed by other clients demanding instant attention and from staff who constantly need to be man-managed.

## Continuity

None of this would matter were it not for another feature of the English trial process. Again unlike the continental systems where cases are dealt with in stages, a case in an English court is dealt with in a single and continuous hearing. The court will sit day in, day out, until the hearing is completed. Thus the advocate has to devote himself, often for days or weeks (even months) exclusively to the case in hand. He cannot be deflected by the dictates of an urgent matter for another client.

This is a process that above all requires time for preparation, undivided attention to the task in hand and the ability to stay with the case, however long it may last. How would any solicitor with a busy practice of a varied kind ever be able to cope with those kinds of demands? Fusion would undoubtedly produce an amalgam of the advocate and the solicitor, in which the former devoted himself to what is now the barrister's role. And if that were to happen (as it does in the U.S.) is there any benefit to be derived from amalgamation of the two branches of the profession?

But perhaps the most spectacular feature of the English process is the rule that the parties tell the court what their dispute is and argue the law before the court. There is at the start of the case complete judicial unpreparedness for the case. In European systems, on the other hand, there is the contrary rule that the court knows the law. It takes upon itself the burden of investigating the facts and of apprising itself of what the relevant law is. The lawyers are only handmaidens to the professional judges who are the legal experts. Only very occasionally, in the important and difficult cases do the professors of law (who are the leading legal practitioners) come and present legal argument to the judges.

In England there is a positive duty on the advocate to assist the court in arriving at the just result. In England there is the unique rule of etiquette that the barrister owes a duty to the court. While he must act in the interests of his client, it is a grave dereliction of professional duty to allow a court to decide a case in ignorance of precedents. Again the court decides a case on the issues raised by the parties. It is not the judge's duty to reformulate the parties' dispute and decide the case on points not raised. All this devolves upon the English advocate a training and professional habit that is special to him, and marks him out from his professional colleagues who do not ordinarily plead in the courts.

The impact of this kind of analysis is already dawning upon that small band of English lawyers who, in recent years, have experienced pleading before the two European tribunals at Luxembourg and Strasbourg.

The relative unimportance attached by the European Court of Justice and the European Court of Human Rights to oral argument (and the corresponding weight given to written submissions) has demonstrated the much greater expertise displayed by the English barristers over the lawyers appearing against them from France, Germany and other EEC and Council of Europe countries. Until recently few English lawyers had more than a nodding acquaintance with foreign systems so that they could appreciate why their own profession was uniquely organised into two branches performing distinctively different functions calling for specialist techniques. Dr. Mann is one of the rare breed of lawyers extensively familiar with both systems. His is a voice of unusual worth in listening to.

*"Fusion of the legal profession" Volume 93 of the Law Quarterly Review, July 1977.

TWO LOOKS AT THE TOP OF DIVISION TWO

# A star is born at Palace

SOCCER

BY TREVOR BAILEY

THERE ARE few more exciting or satisfying moments than the first sight of an exceptionally talented youngster in top level sport who, given health, determination and temperament should develop into a great player.

This was obvious on the first occasion I saw Rohan Kanhai's batting, Ken Rosewall's backhand, Freddie Trueman's bowling, Johnny Haynes' passing and Gary Sobers appearing on a cricket field.

All, though only in their teens, had that extra class which separates the potential star from the very good and the competent. It is not so much what they do, but rather their natural ease, grace and skill.

At Selhurst Park on Saturday I had my first view of Vince Hilaire, a small, 17-year-old black boy. He promises to be very special. He has balance, poise, speed, very fast reflexes and ball control. Whenever he was in possession he seriously troubled a tight, and well organised Bolton Wanderers defence.

Off the ball Hilaire is still naive and may be clobbered in the mud, but he remains a wonderful prospect and an advertisement for the excellent Palace youth scheme. If—and it is a big if—he retains his obvious joy in playing and listens to Terry Venables, an erudite and very understanding manager he could become not merely an outstanding footballer, but an entertainer.

After Bolton threatened to overrun Crystal Palace in the first 15 minutes with their neat, composed football and with Morgan creating havoc down the left flank, the home side came back to dominate the second half.

Harkouk scored a spectacular first goal against the run of the play when he slid into the middle and hit a fine right foot shot after slipping a defender. The visitors equalised soon afterwards, but Chatterton, an enthusiastic halfback, was on hand to flick in the winner, which the Palace deserved for showing more initiative in the last 45 minutes.

Chatterton scored after they had been reduced to 10 men when Graham was sent off.

It was an entertaining match and a credit to the two teams. On this showing both should remain contenders for promotion. But they must learn to control their tempers, which flared needlessly on three occasions.

Palace, who have two strong, goal conscious wingers, Swindlehurst and Harkouk, forming a double spearhead, with Bourne and Hilaire, have plenty of thrust up front. Sansom at left back was splendid in defence and attack.

For the past two years Bolton Wanderers have been among the most cultured teams in Division Two and have been unlucky not to gain promotion. On Saturday they showed more skill than the less experienced Palace, but were put out of their rhythm after the interval by the speed of the interception and the tackling, and then paid the penalty for trying to settle for one point, instead of going for a win.

Much of their approach work was delightful, though some of their buildups rather laboured, but they lacked their opponents' bite in the penalty area.

# Tottenham prosper

TOTTENHAM are prospering. Their highest crowd of the season, 32,814—Saturday's fourth best in the Football League—saw them advance to the top of Division Two with a 2-0 win against Luton and co-operation from Crystal Palace.

Their supporters, with little to cheer since victory in the EUFA Cup in 1972 and the Football League Cup in 1973, are practising singing "Glory, Glory, Hallelujah!", confident that their side will return to Division One.

Seven of Saturday's side are home-grown, having played for no other professional club. Lacking superstars, Tottenham must have a comparatively modest wage bill for a club whose average home League gate is almost 30,000, though the players have apparently been promised generous bonuses for regaining Division One status.

One of the oddities on Saturday was that the new-look Luton side, who have sold a side in the last two seasons in a bank-ordained deficit-reducing exercise, outplayed them comprehensively—and attractively—in the first half. With the reserve Carr, Hill, and Fuccillo blending busily, they passed their way from their own penalty area to Tottenham's neatly and prettily. But there it stopped.

In the last minute of the half, Faulkner pushed Duncan, steadying himself to shoot from Taylor's cross, and Osgood scored the penalty. Less than five minutes into the second half Aleksic failed to hold McNab's powerful drive and speedy Jones tapped in.

Luton continued to play brightly, but with less conviction. Spurs, with no territorial advantage behind them, assumed the conviction of victors. Champions, as we know, have to be capable of winning when they are not strictly entitled to.

Spurs have plenty of scope for improvement. Daines, whose safe hands persuaded the club they could sell the superb Jennings, needs to better his distribution. Right-back Naylor will not always be able to escape discipline if he again uses a clutching arm four times to baulk opponents. And Taylor, at a reputed £200,000 the most expensive player in the side, desperately needs a boost to his confidence.

But major plus-points are the way Spurs play as a team, their capacity to absorb pressure coolly, and their counter-attacking ability. Wise, still young captain Perryman, now in the back four, and wise and elegant, younger still Hoddle, contribute generously to those qualities.

James French

# Newport win a dreary game

RUGBY UNION

BY PETER ROBBINS

THE CLASH between East and West in Wales has produced some unforgettable matches, but Newport's game against Swansea was an exception. The weather was depressing—drizzle and oppressive gloom—and so was the game until the final quarter of an hour when Newport finally took the lead. Bale supported Rogers and Cranton scored. Webber, after earlier failures, converted so Newport won 16-13.

Newport made the early running but it was Swansea who scored first through Meredith, their captain. Roger Davies converted and then mid-way through the first-half the Swansea defence missed a kick from Rogers and for Newport, Bale was the scorer. Davies then kicked a penalty for Swansea who at that stage deserved the lead because of the good kicking from the inside centre. This completely negated any clever approach work by Newport.

To aggravate matters further, Newport's fly-half Rogers ran too much looking for the gap rather than waiting for it. This prevented the ball reaching Bale or Cranton and Roger Davies was able to cope with some not very impressive kicking.

Webber quickly kicked a penalty after half time but then Meredith again snapped up a good try for Swansea. When Webber kicked another penalty this gave Swansea a lead of 13-10 before Bale pointed the way for Newport with a tremendous counter-attack.

Swansea had a reserve half-back pair, but that ultimately was not the cause of their undoing. This was the repeated killing of the ball at the rucks which gave Webber first the practice and then the ability to keep Newport in touch. Wheel and Davies won a lot more ball in the second half in the line-out but the scrum began to look suspect. Swansea's desperation at the ruck stressed their inadequate technique and inability to get to the breakdown quickly.

While Swansea struggled to find an identity Newport turned the game round, thanks to a significant change of strategy and the discipline of their pack, which knitted well at the set. This drove Swansea backwards as they did at the mauls from line-outs. Barrells's control at No. 8 was extremely helpful and he was also used as a battering-ram.

Yet he was overshadowed by Lease, the flanker. He is not very big by modern back-row standards but his developing sense of position plus his quickness were a great asset as was his tackling. Taylor completed a more than useful back-row behind which Billinghurst played astutely. His pass was long and rapid though at times it appeared that Rogers was standing too far away. Nevertheless Rogers had the good sense and took the opportunity to feed the ball more and kick teasingly in the second half. The accuracy of both these tactics turned the game for Newport.

Swansea were fortunate that Roger Davies faced the difficulties so calmly, but despite this the pattern of pressure kicking had its effect.

Both sides were short of first choices but in comparison with sides of the past neither pack had a dominant player physically or in terms of personality. It was disappointing to see two such historic sides playing at such a low pitch, but on such a wretched day it was to be half expected.

# Faldo triumphs at Waterloo

GOLF

BY BEN WRIGHT

NICK FALDO, the new wonder boy of British golf, held on at Royal Waterloo Golf Club, Belgium, in the drizzling rain yesterday to win the Laurent Perrier tournament over 54 holes by two strokes from the veteran American, Billy Casper, and his brilliant Spanish partner, Sevvy Ballesteros, the defending champion.

Faldo had rounds of 69, 69 and 70 for an 11-under-par total of 208. Casper scored 71, 68 and 71 for 210, and Ballesteros achieved the same total with three rounds of 70. The Mexican, Ernesto Perez Acosta, grabbed fourth place at 211 by virtue of eagle-threes at the 16th and 18th holes.

Faldo had a two-stroke lead over the swashbuckling Spaniard as they went out in windless grey rain. Ballesteros immediately threw everything he could, including the slow play beloved of his uncle, Ramon Sota, in a bid to unsettle his much less experienced fellow 20-year-old.

Ballesteros had birdies at the second and fourth holes, and chipped in for an eagle three at the third. But Faldo was stoic under the pressure. Out in 35 to his partner's 34, he clung to a one-stroke lead, with Casper one shot further behind.

Ballesteros really got to work. He holed from 12 feet for a birdie three at the 10th, and almost thrice that distance for another at the 11th. Faldo was thus behind for the first time in the tournament.

The 13th hole is perhaps the most dangerous of all, a sharp dog-leg to the right, through massive trees, a par-four measuring 398 yards. For reasons known only to himself, Ballesteros tried to cut the corner over the tallest tree with his No. 3 wood, and there was much crashing and banging as the ball came slowly to earth in an unplayable spot. He took the long walk back to the tee.

Calmly Faldo played safe with an iron, but caught the bunker to the right of the green with his second shot. He played a glorious recovery, however, to wrest back the lead with a par four to the Spaniard's six.

Ballesteros hit a horrible hook off the next tee, deep into the undergrowth, and a miracle shot out sideways from a deep thicket. But he dropped a stroke there, and it soon became apparent that Casper — just reaching the clubhouse — was Faldo's biggest danger.

Faldo's tee-shot at the short 15th hit the trees on the left, but landed on the fringe of the green. He putted short, but holed bravely from four feet, to stay two ahead. Ballesteros was once more in the woods to the left of the 16th hole, but Faldo missed the green to the left.

Our new white hope proved his mettle by holing putts of nearly 30 feet for birdies at this and the 17th holes, to put victory beyond doubt.

Hale Irwin (U.S.) was fifth on 213, Baldo Dassu (Italy) sixth on 214, and U.S. rookie Bill Sander seventh on 224.

# Dunlop scores treble victory

RACING

BY DOMINIC WIGAN

JOHN DUNLOP could hardly have had a better afternoon on Saturday.

His 20-1 chance, Trusted, set the ball rolling with a game victory in the Queen Elizabeth II Stakes. North Stoke then won Ireland's Joe McGrath Memorial Stakes and Shirley Heights completed a remarkable treble by taking the Royal Lodge Stakes.

The four-year-old Trusted, a chestnut son of Crepello, made up for a slightly disappointing display in a Group Three Baden-Baden event, in which he finished a well-beaten second, with a particularly brave effort in the Queen Elizabeth. The powerfully made Arundel colt got the better of the vastly improved Air Trooper after a fierce struggle inside the final furlong.

A little more than an hour after the Queen Elizabeth II Stakes, that tough and consistent Mill Reef juvenile, Shirley Heights, gave the Derby and "Arc" winner his most important two-year-old success when taking the Royal Lodge.

Shirley Heights, whose best previous performance came when he lowered the colours of Sexton Blake in a seven-furlong event at Newmarket in July, relished Saturday's mile trip, when he wore down Bolak close to home.

The much-vaunted Hawaiian Sound, rated by Barry Hills ahead of his illustrious stable companion, Sexton Blake, could only finish third after appearing to run his race in snatches in the final quarter mile.

I shall be surprised if Hawaiian Sound proves up to endorsing Hills's view.

Few juveniles created a better impression last month than the Queen's English Harbour, who ran away with the 21-runner Yattendon Stakes at Newbury. It came as a big blow to many when he failed to feature in Sandown's Intercraft Solario Stakes.

In the belief that the testing conditions on the Esher course proved all against the Queen's Mill Reef colt and that he is a far better horse than the result suggests, I intend giving him another chance in to-day's Kinrara Stakes at Goodwood.

GOODWOOD
2.00—Channkah
2.30—English Harbour***
3.00—John Cherry
3.30—Regina*
4.00—Royal Penguin
4.30—Overlook**

HAMILTON
2.15—Kassiope
4.45—Calspea

NOTTINGHAM
4.00—Epilogue
4.30—Rare Beauty

TV Radio

† Indicates programmes in black and white

## BBC 1

6.40 a.m. Open University (UHF only). 9.25 For Schools, Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Fingerbobs. 2.01 For Schools, Colleges. 3.15 Songs of Praise. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 a.m.). 4.20 The Wombles. 4.25 Jackanory. 4.40 Salty. 5.00 John Craven's Newsround. 5.05 Blue Peter. 5.35 Barbapapa.
5.40 News
5.55 Nationwide (London and South-East only)
6.20 Nationwide
6.50 Are You Being Served?
7.20 The Rockford Files
8.10 Panorama
9.00 News
9.25 The Monday Film: "Play It Again, Sam" starring Woody Allen
10.50 To-night
11.30 Regional News

All regions as BBC 1 except at the following times:—

Wales—1.45-2.00 p.m. Pili Pala. 5.55-6.20 Wales To-day. 6.50-7.20 Heddiw. 11.30 News and Weather for Wales.

Scotland—10.00-10.20 a.m. For Schools (around Scotland). 5.55-6.20 p.m. Reporting Scotland. 10.50 Calum Kennedy sings Sea Songs. 11.20 News and Weather for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 11.30 News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South West (Plymouth).

## BBC 2

6.40 a.m. Open University
11.00 Play School
4.55 p.m. Open University
7.00 News on 2 Headlines with sub-titles
7.05 Picture Making
7.30 Newsday
8.10 The Barry Humphries Show
9.00 1990
9.55 The Long Search
10.45 Late Night News on 2
10.55 Open Door
11.25 Music at Night by Liszt

## LONDON

9.30 a.m. Schools Programmes. 12.00 Chorlton and the Wheelies. 12.10 p.m. Pipkins. 12.30 The Flintstones. 1.00 News plus FT index. 1.20 Help! 1.30 Farmhouse Kitchen. 2.00 After Noon. 2.25 Bill Brand. 3.20 Westside Medical. 4.20 Clapperboard. 4.45 Raven. 5.15 Batman.
5.45 News
6.00 Thames at 6
6.45 Opportunity Knocks!
7.20 Coronation Street
7.50 The Upchat Line
8.00 World in Action
9.00 Van Der Valk
10.00 News
10.30 Appointment with Fear: "Fright" starring Honor Blackman
12.10 a.m. Happy Couple

All IBA regions as London except at the following times:—

## ANGLIA

10.33 a.m. Survival. 12.30 p.m. [illegible]

## ATV

[illegible]

## BORDER

[illegible]

## CHANNEL

[illegible]

## GRAMPIAN

[illegible]

## GRANADA

[illegible]

## HTV

[illegible]

## SCOTTISH

[illegible]

## SOUTHERN

[illegible]

## TYNE TEES

[illegible]

## ULSTER

[illegible]

## WESTWARD

[illegible]

## YORKSHIRE

[illegible]

## RADIO 1

247m [illegible]

## RADIO 2

1,500m and VHF [illegible]

## RADIO 3

464m, Stereo & VHF [illegible]

## RADIO 4

434m, 330m, 285m and VHF [illegible]

## BBC Radio London

206m and 94.9 VHF [illegible]

## London Broadcasting

261m and 97.3 VHF [illegible]

## Capital Radio

194m and 95.8 VHF [illegible]

## F.T. CROSSWORD PUZZLE No. 3,476

ACROSS
1 Advertising salesman found moaning about (5, 9)
10 Recorder made to come to the point (5)
11 Rush to see flat opposite (4, 5)
12 Foretaste of what was important to Wilde (7)
13 Beg Cockney female to do business (7)
14 Refuse to make doctor ring ship (5)
16 Endure revolution at end of fight (4, 5)
19 Don't agree to convoy children (4, 5)
20 Chair requiring Polish supporters? (5)
21 Insects caught by one bounder since (7)
25 Month to take round strong drink with propriety (7)
27 Fashionable start of attack on Northern Ireland breaks into emptiness (9)
28 Pun for instance returns lighter (5)
29 Officer free to order widespread showing of film (7, 7)

DOWN
2 A reporter is engaged in clerical duties (5, 4)
3 Dog's no point of taking oath (5)
4 Split peach (4, 5)
5 Pole has done a strange composition (5)
6 Never never use language everybody can understand (4, 5)
7 Letting pound take comfort (5)
8 Considered salesman socially acceptable to Mr. Heath (7)
9 Turn up on the stroke of ten with daughter (6)
15 Revolutionary device for managing wet blankets (4, 5)
17 Favourites upset over ball used in speciality act (4, 5)
18 Ready to fight with lobs (5, 4)
19 Sailing manoeuvre has one in stitches (7)
21 Count is not as sensitive (6)
22 Connected shops supplying church with own Scotch (5)
24 Spirited producer even to-day (5)
26 Message holding up mountain railway (5)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

# ...he Valkyrie

by MAX LOPPERT

...olkyrie, although the ...not unfolded in one ...sweep from first note ...as a performance ...sical and dramatic ...nd full of the alert- ...ity and order that is ...Mackerras's mark as ...f The Ring. Obvious ...ry to remark once ...e does not command ...ss qualities of a ...the end of each act, ...the end of the opera, ...s if the heavens had ...d one surveyed the ...re, from mighty ...d so the ultimate ...glory was missing. ...ne-nerved sensitivity ...and singing brought ...ds. Tempos, especi- ...3, were fast, but not ...t of the heedless, ...that wins momentary ...r excitement. The ...l and danced, enjoy- ...nuthurst of sheer ...xultation after the ...d emotional rigours ...eding act; even so, ...was apt prelude to ...orms of a darker ...re was an excellent ...rrior maidens; how ...of an ensemble that ...Fricka of the even- ...Walker, to return as ...The orchestral play- ...ect in detail towards ...a long evening, and ...(with triangle and ...illing from a side ...so always seamlessly ...s often of wonderful ...nd vigour — Wotan ...ell amidst luminous ...which cello tone was ...rly lucid shine. ...st containing some ...t graduates to their ...is Alberto Remedios' ...d Siegmund who ...true: note of Wag- ...ism, who contrived a ...ond the rank of res- ...ll-balanced character- ...aieved by producers ...aod Blatchley. The ...y wrung out of him. ...ase has meaning— ...recalls other perform- ...her roles by the same ...which concentration ...ltent and acting no ...a series of basic (if ...eant) poses and grim- ...nvolvement was mar- ...behold. The voice,

with its very individual lyrical power and sheen, its expression of warmth and simplicity without mawkishness, was to fine fettle. The way emotional pressures directed and coloured the long phrases of the Announcement of Death scene into a statement of tragic heroism went a long way towards explaining why Siegmund is the most mature, most compassionately perceived, of all Wagner tenor-roles. To this radiant, honest performance, Aage Haugland's Hunding, menacingly handsome, huge of voice and form, was a worthy antagonist.

All the same, the first act failed to rise completely to them, because the Koltai set remains unsatisfactory for all the additions and subtractions practised on it over the years. (Its effect of plastic wood and toybox foliage is compounded by lighting still not right—surely a "glorious spring night" should avoid the glare of suddenly switched-on mid-day.) And because the vocal limits and limitations of Ava June's Sieglinde, for all her sympathetic qualities (including the familiar eloquence of diction and the inability to execute a carelessly conceived movement), inhibit the flood of the love music. In a similar though far less conclusive manner, Miss Walker's Fricka—still, patient and implacable, sternly distinguished by the gift of the right inflection for each word—fails to clinch her argument because of cloudiness at the top of her compass—where they should have been triumphant, lines came out veiled.

Raimund Herincx is now a Wotan of many resonant, powerful features. Tormented magnificence is not among them—something avuncular in Mr. Herincx interposes between us and the god's agonies. But he has seldom sung more nobly, with stamina, firmness (if not exactly ring) in the high phrases, great vehemence and force in declamation, and controlled tenderness—like a bassoon superbly played, Mr. Herincx's instrument is capable of dignity and beauty. His departures from the text of Andrew Porter's translation should not go unremarked: "living farewell kiss" may be closer in meaning to "Lebe-

Margaret Curphey

wohles letztem Kuss," but it gave rise to the kind of misaccentuation of which this admirable translation is never guilty.

Although she has played the Valkyrie Brünnhilde on a previous occasion, Margaret Curphey now undertakes the complete cycle for the first time. She does so with high promise; with a merry, forthright swing of her handsome long red hair, a glint in her eye, and a clarity of enunciation far removed from the smooth, self-contained portrayals of earlier days, her enthusiasm for the role is evident and winning. At first

she feared that ... for the ... demanding ... the ... sopranos ... the notes of the ... were ... in place, but ... much sparkle or steel to spare. Later, once she had ... to the smaller scale within which Miss Curphey ... apparent security ... the music, phrases seemed to grow that much ampler, with a golden low register to envelop the impression of uncommon sweetness and care over the placing of each note. On to Siegfried with much to look forward to.

LISZT FESTIVAL

...re Hall

# David Wilde

by DOMINIC GILL

...e odder quirks of the ...tion, and one which ...puzzled me, is the ...onstrably and widely ...sicians, that they can ...with, and that their ...will be content to ...standard of perform- ...Liszt's music which ...y nor their audiences ...countenance in per- ...of music by any other

...e a thousand explana- ...his curious principle, ...probably the most ...are the relative ...ity of the greater part ...output, and its unique ...en quality; and the ...t encouraged by our ...tools, that most of ...no music is no more ...ow and vulgar rant, ...consequence the best ...esenting it is to play ...fast and as loudly as ...r as slowly as possible, ...ising the hands.

Demonstrations of the principle in action, small and large, occur almost every week. The first performance in France last June of Liszt's great oratorio Christus, given under the auspices of Radio France in the series Prestige de la musique, was doomed from the start by the choice of the worst orchestra and choir, and with the single shining exception of Dietrich Fischer-Dieskau, the most mediocre soloists the organisers could have hoped to lay their hands on: an extraordinary, dismal evening, entirely characteristic of the genre, received by the audience (to their credit) with a barrage of catcalls and whistles.

In England we do things differently. For one thing, we do not whistle at the end of a concert: we show the degree of our approval by tepid, generous or enthusiastic applause; and in all manner of Liszt playing we applaud at least generously. It

struck me once more last Friday night that if the pianist David Wilde had played, for instance, Chopin's Barcarolle in the same course-grained and heavy-handed manner as he gave Liszt's marvellous Petrarch Sonnet No. 123, the applause could not have been half as substantial—and in some countries indeed, with some justice, the performance might have been whistled off the stage.

It was a disappointing even-

The Entertainment Guide is on Page 10

ing, delivered with energy but little sense of élan, and for the most part (except where the score positively forbade it) in a fistfuls of relentless, uncoloured fortissimo. Mr. Wilde had chosen a big virtuoso programme: he only lacked the kind of virtuosity to sustain it which encompasses not merely the notes, but the

fleeting lights and shadows, vibrant colour and inner voices, satanic, heavenly visions, of the music as well.

His recital was one of a week of eight Liszt concerts at the Wigmore Hall—itself only a small part of Chris de Souza's admirably spirited and well-intentioned, if also vastly over-ambitious, Liszt Festival, which spreads like a giant Lisztian spider around central and outer London until the end of next month. Too soon yet to say whether it might not prove to have been wiser to concentrate resources on a smaller but still more pungent list of concerts. As it is, the programme offers some substantial rewards, not least a Christus which promises better than the Paris version (at Westminster Cathedral on October 28), and the first performance in modern times of Liszt's only opera, Don Sancho (at the Collegiate Theatre, October 21).

# Campoli/Tryon

by ARTHUR JACOBS

...l respect to the Liszt ...what made last night's ...emorable was not the ...its chosen composer. It ...rare appearance of a ...st veteran of the violin, ...ampoli. By his own re- ...he had not played at ...tore Hall since 1938. ...nth off his seventy-first ...he still unites a ...f his instrument with ...nt platform personality ...ion that many younger ...ust envy. The odd note ...ightly out of tune, but ...th else is absolutely

...mer was Valerie Tryon ...mplished solo pianist, ...ully adapting herself to ...subordinate role. Since ...self neglected to pro- ...ough violin-and-piano ...ll an evening, his later ...t Dohnanyi was called ...rovide reinforcements, ...er local colour was pro-

vided in encores drawn from Brahms' Hungarian Dances (in Joachim's arrangement). The peak of the recital was Dohnanyi's Sonata, with its quiet ending that took the audience by surprise. Here Mr. Campoli was the artist of long-spanning, romantic eloquence; in the same composer's Ruralia Hungarica he was the spirit of dash and gaiety.

Woe to the concert-goer who sought guidance to the Liszt items by consulting the printed programme. It stated wrongly that the Grand Duo was not discovered until 1963 and that the Epithalamium is based on a piece called Marriage Feast by the violinist Remenyi. (It is a completely original work of Liszt, written for Remenyi's own marriage.) Neither of these pieces can really stand up to-day, even with the aid of Tibor Serly to complete the Grand Duo. But a set of variations on a song called Le Morin was worth

rescuing, and incidentally provided Miss Tryon with a brief opportunity to shine. She shone.

*

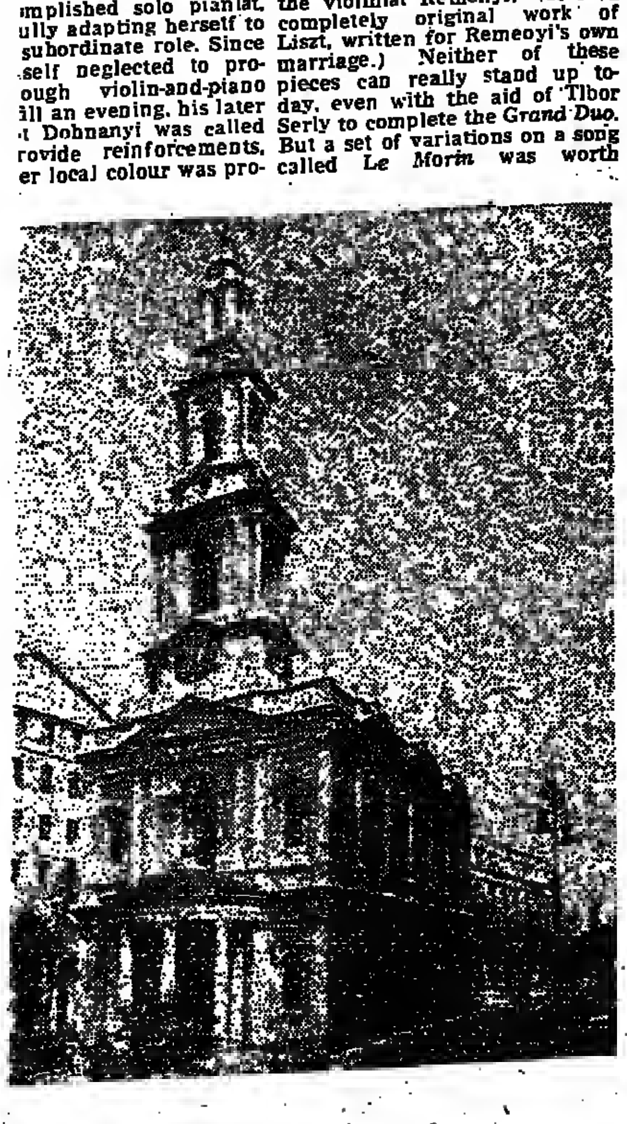
For the afternoon concert at the New Gallery in Regent Street a sadly thin audience gathered to hear Louis Kentner play Liszt's so-called Malédiction for piano and strings, with the Manchester Camerata under Szymon Goldberg. Though this was part of the Liszt Festival, it was the only work by him on the programme, otherwise devoted to Mozart and Bartok. Would the hall have been fuller for an all-Liszt programme? Are there numerous Lisztians who won't turn out for anyone else? Hardly an appropriate tine for admirers of a composer so notoriously and continuously helpful to and interested in others.

Malédiction may not rank with Liszt's full length concertos

nr with his Totentanz, yet the soloist's material at any rate is striking and attractive enough to warrant more than an occasional performance. Any composer less protean and restlessly creative would surely, at some time during the half-century or so that remained to him after completing this early work, have returned to the score, and reworked it, conceivably using full orchestra.

As he left it, there is a discrepancy between the elaborate piano writing (powerfully delivered yesterday by Mr. Kentner from his accustomed position on a footstall—how he produces such a flow of tone, goodness knows) and the rather sketchy string parts. Mr. Goldberg and his players from Manchester had already proved themselves in a performance of Mozart's Eine Kleine Nachtmusik unusually full of interest.

RONALD CRICHTON



# St. Mary-le-Strand

by H. A. N. Brockman,

Architecture Correspondent

The church of St. Mary-le-Strand in London is one of the capital's most delicate and beautiful monuments in the Baroque style.

It is unfortunately, in a very bad structural condition as are so many of our older buildings following the ravages of time, vibration and pollution.

The church was designed by James Gibbs, erected in 1714 and is wittily analysed by Sir Nikolaus Pevsner (Buildings of England: Cities of London and Westminster) who relates it stylistically and in detail to the then only recently finished St. Paul's Cathedral.

It is indeed a most attractive building and one of the few churches in London which can be seen as a whole and viewed at a sufficient distance for proper appreciation of all four faces.

The west front has recently been cleaned as can be seen from the illustration, but the soot encrusted walls elsewhere (some carvings have a coating of three inches of soot upon them) must be cleaned in order that further evidence of decay can be examined following a report on the structure by the architect and renaissance expert Robert Potter. His report lists an alarming state of affairs in the tower, leaking roof and walls and damaging movements in the masonry.

An appeal, launched recently by Sir John Betjeman is seeking £400,000 which will not only look after the structure but will restore to Gibbs's designs decorations and floor tiles and will realign the pews in ranks facing each other, collegiate style to make a central area for concerts. The crypt is to be converted for meetings, with office, kitchen and lavatories.

An exhibition of Gibbs's original drawings is at present being shown in the church and is open on weekdays between 9 a.m. and 5 p.m.

Donations should be sent to St. Mary-le-Strand Restoration Trust, 24, Surrey Street, London WC2R 2ND.

Berlin

# The Cage

by RONALD HOLLOWAY

Samuel Beckett directs his Krapp's Last Tape at the Akademie der Kunste for the Berliner Festwochen. Rick Cluchey, prison-playwright of The Cage plays Krapp, a man who has been trapped in a cage for over 30 years.

Besides having an understanding an affinity for each other, both authors are drawn to Berlin, the island-half of the city an hour's drive from the mainland. Beckett has made regular trips to the Schiller-Theater to direct his own plays for over a decade now. Cluchey assisted on his Waiting for Godot and the result is the chance to penetrate deeper into the gut-feelings of the feeble, wrecked, solitary Krapp.

Cluchey is also publishing an official version of The Cage, the play directly stemming from Beckett's influence (via a chance Waiting for Godot production by the San Francisco Actors' Workshop at San Quentin prison). Half of his 40 years have been spent creating this slice-of-life about people in cages.

Sentenced to life imprisonment at San Quentin in 1955, he saw the Herbert Blau and Actors' Workshop Waiting for Godot in 1957 and founded the San Quentin Drama Workshop a year later. He produced and acted in some 30 plays while writing The Cage, which had its premiere behind bars in 1965. A year went by; Le Cage (as it was known in prison) became an overnight sensation, and the play was cited by Governor Brown of California as one of the reasons for granting Cluchey parole.

Since then in 12 years, The Cage has been performed 2,000 times by groups of ex-convicts under Cluchey's direction in America and Europe. Critical praise and university audiences have kept it active. Instead of fading with the years it endures. Concurrent with these performances Cluchey has continued his "affinity" to Beckett by producing Godot, Endgame and others. Indirectly, these productions have nourished The Cage to maturity.

The Berliner Festwochen, the autumn arts festival, will publish an official translated (Klaus Rosert) version of The Cage. For more than a decade no official text has been made available. There are many reasons. As a drama on prison life, it had more magic and power if performed by cons, followed by a lengthy discussion afterwards with the audience. It also went through many changes as Cluchey and his small ensemble came into contact with experimental workshops as much taken by Brecht, Artaud, Grotowski, and the Living Theatre as he was by Beckett.

The main reason I think, is that The Cage breaks the rules of critical debate by refusing to be classified. It's not "documentary drama" in the strict sense of the term, for the element of allegory (note the title) predominates throughout. Neither is it "anti" nor "surreal" nor any of the other time-oriented phrases so common to experimental-laboratory theatre to-day. If anything, it is "experiential"—it is derived from Rick Cluchey's life-experience.

On that level it challenges and scores its victory. The words, the sentences, the phrases, even the plot and action, as raw and rich and elegant as they are, come from listening, from feeling, from experiencing the despairs and hopes, the laughter and the anguish, the naked brutality of living for an immeasurable expanse of time in a cage.

That is why the play works. The audience is imperceptively drawn into these experiences. After a while the only escape is to head for the exit-door: to remain means to react. And audiences do react. They are constantly thrown off-guard as Hatchet (the focal figure in the play, usually played by Cluchey) changes personalities, in a weird psychotic manner, from military commander to priest to judge to executioner, in a cell with a pervert and an epileptic where multiple schizophrenia is a dangerous weapon. Keeping up with these transformations is exhausting: not even Hatchet's hardened cellmate and sex partner can cope, so what chance have the rest of us.

I remember on first seeing The Cage that a trickle of cold sweat inched slowly down my back towards the play's climax. The last time I had such a sensation was on my first Hallowe'en night in a misty Chicago park.

The Cage, indeed, tests the moral courage of an audience.

It was not uncommon during its many performances that prison officials denied the truth of cages under their own authority, only to be contradicted by facts offered by an aroused audience in dialogue. Intellectuals have been forced to push cherished academic theories aside in the face of a massive, collective gut reaction to the contrary.

The response of the average theatregoer is about the same as these prisoners watching Waiting for Godot at San Quentin. We all know what it's like to be trapped in a cage, just as lifers know what it feels like to wait.

The Cage will live on as a modest classic in modern drama. It needs, perhaps, only a minute description of pauses and silent listening to help the theatre workshops to gather the evidence and zero in on the core of the action.

Once the reality of the play is transcended, the toilet bowl does in the eye of the beholder become an altar — and the theatre, for that matter, a cage. In experimental theatre the audience experiences change.

That seems to me to be the meat in Krapp's Last Tape too. The tragi-comedy of a man trapped in a cage for 30 years. The Cage — at the risk of my own academic credentials — is Beckettian.

## Dutch award for Scottish singer

The £600 Kathleen Ferrier Prize of the International singing competition held annually at Hertogenbosch, Holland, has been won by the 25-year-old Scottish contralto Linda Finnie.

Sadler's Wells

# The Two Pigeons

The Two Pigeons is generally performed as a comedy of sentiment, with youthful longing to provide most of the emotion. To see the piece performed, as it was on Friday night, in altogether brighter and more combative terms was something of a surprise; and it was no less of a surprise to find that this made excellent sense in the first act. The action became a sequence of sparring matches between Margaret Barbieri (as the Young Girl) and Desmond Kelly (as the Young Man), and then with Maina Gielgud (as the Gypsy Girl). Barbieri is the prettiest feather-weight contender we are likely to see, and her battles with Kelly and Gielgud were marked with spitfire energy and darting foot-work, as well as by an appealing sincerity when her beloved opted for the dark eyes and gold-coin assets of the gypsies (Barbieri's run, holding the Young Man's cloak, most touching.)

Even more impressive in this Wells Royal Ballet performance was Desmond Kelly's presentation of the hero. Not as youthful-seeming as most interpreters, Kelly proposes with a character more like that first envisaged by Ashton. Although the role was created by the very gifted, but still immature, Christopher Gable, it had been intended for Donald Britton, an altogether different artist—more assured, more "grown-up" in stage presence. This is Kelly's quality in the role, and the contrast with Barbieri's teasing, wilful innocence makes for bright dramatic effects. I found, in fact, that Kelly's performance was the best reasoned and the most convincing that I have seen. Playing of such intelligence and such resource merits every praise; it is not a cerebral performance, though, whose appeal is that we say "How right." It comes from the heart, and we feel "How true."

Admirable in everything, Kelly dominates the work, and this slight shift in emphasis makes the ballet seem more directly the story of a young man's journey to maturity. Kelly's dancing is strong and clear—he rips through the second act solo in fine style—and for all his impetuosity of temperament, there is plenty of poetry in the reading, too.

Because Barbieri and Gielgud are happy to play the first act for every moment of comedy it contains, the dances in the studio went very merrily: I have not heard an audience laugh so much during Pigeons for years. Rage, contempt, thoroughly dubious Romany passion and absolutely authentic feeling were all part of the fun, and in subsidiary roles there was much to commend in the dancing of Derek Purnell and Brian Bertscher as gypsies. (I wish, though, that the gypsy girls would achieve some uniformity of make-up, and also allow their bodies to bend and yield to Ashton's swirling dances with more suppleness.)

In the performance of Concerto that opened the programme, I admired the buoyant, well-matched dancing of Marion Tait and Kim Reeder in the first movement—they have achieved a muscular accord so that both bodies seem impelled by the same musical understanding. The trio of male soloists could with advantage emulate the Tait/Reeder ease and unanimity, and cleanness of dancing.

Musical standards this season have been very good under Barry Wordsworth and Colin Metters—superior to some of the grudging, lacklustre interpretations I have heard at the Opera House during the past year.

CLEMENT CRISP

Orange Tree, Richmond

# Teachers Gone Mad

What really goes on in the heads of the sad pedagogues in third-rate secondary modern schools as they face their daily encounters with grubby inarticulate, impertinent children with no thoughts in what may laughingly be described as their minds beyond football, pop music and sex"?

Andrew Davies seems to have a comprehensive knowledge of such arcane matters. In Teachers Gone Mad he assembles a coven of seven such unfortunates and throws them into an emergency: the Headmaster (played by the author) dies of a heart attack just before morning assembly, and we watch the reactions of his assistant teachers.

Priestly (Michael Wynne) is least moved, for life is one long disaster to him anyway. Dung, the sports master (Phillip Joseph), is not much affected either, for he thinks of nothing but interfering with the girls. Miss Netties (Sharman Macdonald), a new arrival who believes that in the unlikely event of her being able to do anything she can teach her class to appreciate Wordsworth, expects, as usual, that she will be raped by the boys of 4c. Committed to a belief in education, the other new arrival Elliford (Peter Guinness) continues to believe in education.

But Miss Slate (head of needlework) and Croup (head of woodwork) are both convinced of their prescriptive rights to take over the Headmaster's job. Because Mr. Andrews shows his arguments symbolically, the contest is resolved by means of a wrestling match; but Miss Slate then involves her colleagues in a revolt. Croup, revelling in his stolen authority, decides to revive the Corps and protect himself by putting the school on a military footing.

The secret dreams of teachers are hilariously and pathetically revealed, and enacted by the company with a nice compound of comedy and suffering, though I would have welcomed more forward movement to drive on what is virtually a series of set-pieces from the initial futility to the final diaspora. The imaginative production is by Anthony Cornish.

B. A. YOUNG

هكذا امنه الأصل



OVERSEAS NEWS

# Ceasefire in S. Lebanon reported

BEIRUT, Sept. 25.

PALESTINIAN guerilla forces in South Lebanon began a cease-fire at 5 p.m. to-day, a high Palestine Liberation Organisation official said.

Earlier to-day both Palestinian and Lebanese right-wing sources said an immediate cease-fire had been agreed in principle by the Palestinians and the Israeli-backed right-wingers, to end their ten-month border war.

But a right-wing official said formal announcement of a cease-fire, and its implementation, awaited a U.S. requested Israeli acceptance.

There was no immediate report on whether the right-wingers had stopped shouting, nor confirmation of the Palestinian cease-fire, from reporters in South Lebanon.

Palestinian officials said Yasir Arafat, the chairman of the PLO was meeting with Lebanese Prime Minister Selim al Hoss.

Reuter adds from Tel Aviv: An Israeli State television report said that an apparently imminent ceasefire agreement would result in an Israeli withdrawal from positions "they are supposed to be holding just inside Lebanon" in return for Palestinian concessions in the area. Israeli officials in Jerusalem declined comment on the ceasefire report, and, according to eye-witnesses, heavy shelling between Israeli and Palestinian positions continued across the border to-night.

Our Tel Aviv Correspondent adds: Meanwhile the Israeli Government was reported here to have rejected a U.S. appeal to withdraw troops which have established positions across the border.

The Tel Aviv afternoon newspaper Maariv said that a request had been conveyed by Mr. Philip Habib, Assistant Secretary of State, to Mr. Simcha Dinitz, Israeli Ambassador to the U.S. He sought guidance from Mr. Moshe Dayan, Israeli Foreign Minister, currently in New York for the opening of the UN General Assembly, who replied that if Israel pulled back any troops from the south of the Lebanon the Palestinians would increase their strength in the area, according to the newspaper's Washington correspondent.

In Jerusalem officials at the Israeli Foreign Ministry denied any knowledge of such an appeal.

Last night and this morning Palestinian rockets hit the towns of Safed and Kiryat Shmoneh injuring three people. An officer was killed and three other soldiers seriously wounded on Friday night when an Israeli patrol was ambushed by guerillas.

Confirming the incident, a spokesman said that it had happened inside Israeli-held territory—in contrast to a Palestinian claim that the clash had been near Merj, than four miles inside border.

Heavy artillery fire directed from Israeli positions against the source of Katyisha rockets.

● Mr. Menahem Begin, Israel Premier, is apparently set on a collision course with the "Gush Emunim" movement, the religious militant group which has been pressing the Government for permission to set up 11 new settlements in the West Bank before the onset of the winter.

The Premier and Mr. Sharon, the Minister of Agriculture, who heads the Government's Settlements Committee, met with representatives of the movement this morning.

They made it clear that the Government will on no account permit any settlement without the approval of the settlement committee or at times other than determined by it.

# Communists attack Socialists after French Left talks fail

BY DAVID CURRY

PARIS, Sept. 25.

THE FRENCH Communist Party this week-end launched a heavy propaganda campaign to throw upon the Socialists the entire blame for the breakdown of talks last week to up-date the common programme of the Left, and label the Socialist Party as the betrayer of the working class.

Socialist headquarters for its part telexed its main branches repeating that Communist intransigence in trying to extend the original nationalisation programme was to blame for the collapse of the negotiations, which were supposed to draw up a revised joint manifesto for the general election of March next year.

While the Socialist leader, Francois Mitterrand, remained silent, and refused to meet M. Georges Marchais in the sort of televised slanging match which the Left has indulged in over the past two weeks, other Socialist leaders did not hesitate to suggest that the Communists had deliberately sabotaged the discussions.

But the running in the propaganda war was being made by the Communists, with their greater number of activists, stronger organisation, and substantial trade union support. Around 100 workers from the Renault branch of the 2.5m-strong Communist-led CGT union took up stations outside the Socialist headquarters in Paris in a "spontaneous" demonstration of anger at Socialist attitudes.

Meanwhile, Communist militants were convened to meetings in 13 cities to have their party's viewpoint explained—the Socialists say these meetings were called before the breakdown of the talks. The Communist Central Committee fired off a long letter, immediately published, to the Socialist leadership going over its grievances and accusing it of trying to wreck not only the nationalisation proposals in the 1972 programme but a whole string of social, economic and industrial democracy policies as well.

Reuter adds: The Left to-day did less well than expected in indirect elections to the Senate, taking only 10 extra seats—half the number forecast by some political commentators.

The vote was by an electoral college of National Assembly deputies and local government councillors. 115 of the seats were up for election.

# Somalis renew Ogaden offensive

NAIROBI, Sept. 25.

HEAVY fighting between Ethiopian troops and Somali insurgents was reported around Harar—one of Ethiopia's major strongholds north of the Ogaden region, now almost entirely in the insurgents' hands.

A communique broadcast by Mogadishu Radio also claimed that insurgents shot down an Ethiopian F5 fighter yesterday, about 250 miles south of Addis Ababa.

The communique said members of the Western Somali Liberation Front had killed Ethiopian troops, and heavy losses were inflicted on the enemy" at Harar, an Ethiopian headquarters town where thousands of Government troops are believed to have massed to repel Somali insurgents.

After more than a week's lull, the Somali communique appeared to indicate that the Somali offensive was being pressed westwards from Jijiga, which they claim to have captured at the beginning of the month.

Jijiga, Harar and a third town, Dire Dawa, are the anchors of the main Ethiopian defences north of the Ogaden. Somali insurgents claim to have captured 98 per cent. of the disputed territory.

UPI

Reuter adds from Khartoum: Eritrean guerillas won a major battle on Friday against an Ethiopian Government force north of Asmara, the Eritrean capital, the Sudanese daily newspaper Al Ayam reported.

The guerillas killed Ethiopian soldiers, destroyed tanks and drove a 10,000 Government force back to Asmara, the paper said.

# Moscow optimism on SALT

By David Satter

THE JOINT U.S.-Soviet communique on the latest round in the Strategic Arms Limitation Talks to-day gave the most optimistic assessment of progress in the talks since negotiations between the Soviets and the Carter administration began.

The communique, which was carried here by the Soviet news agency Tass, said that progress was achieved in bringing the two sides closer together, and although areas of disagreement remain, both sides consider it necessary to intensify their efforts to assure progress in U.S.-Soviet relations.

Apparently indicating some Soviet success in the talks, the communique said that both sides expressed their desire for the stable development of relations on the basis of "existing treaties and agreements." The Soviets have said that any new Salt agreement must be negotiated on the basis of the 1974 Vladivostok accords.

The Communist Party newspaper Pravda, meanwhile, informed the Soviet public that the first Strategic Arms Limitation Treaty will be extended in formally in accordance with the readiness of both sides to complete a new agreement in the near future.

# Italy radicals congress fails to threaten PCI

BY PAUL BETTS

BOLOGNA, Sept. 25.

A WEEK-END long conference in Bologna of the forces of the Left of the Italian Communist Party (PCI) has demonstrated that for the moment anyway, the PCI does not face a serious electoral challenge from the Left.

In local terms, this northern city was still under considerable tension to-night because of fears of clashes between the militant fringes of the extreme Left-ling groups here, and the Roman Catholic authorities holding the concluding procession of their Eucharistic Congress.

Tight security guarded the city's Cathedral Square—or Piazza Maggiore—which during the last 48 hours was transformed into a dormitory and one of the main rallying points for the 15,000 or so so-called Left-wing independents gathered here for their first "congress against repression" in Italy.

The PCI and the city's Communist administration clearly regarded the conference as "an important test case. At a time when the Communist Party is causing growing confusion within its own base as a result of its decision to sustain the minority Christian Democrat government in office through the so-called inter-party "programmatic accord," the party has been increasingly concerned that it could now be out-manoeuvred from the Left.

But the week-end Bologna conference proved no such thing. The various groups—ranging from militants and provocateurs with the brick-bats of revolutionaries, Marxist-Leninists and Maoists, the so-called Metropolitan Indians who smear their faces with war paint and shout slogans like "De Sade lives" and the Nihilists—demonstrated not only that they had no cohesive political line but that they are acutely split among themselves.

# Teng hard line over USSR

PEKING, Sept. 25.

MR. TENG Hsiao-ping, China's deputy premier, to-day told a group of visiting West Germans there was no chance of a warming up in Sino-Soviet relations for a generation or more, sources close to the group reported.

Mr. Teng was speaking during a two-hour meeting with the Defence Committee chairman of the Bundestag (Lower house) Herr Manfred Woerner. Also in the group were three retired top West German military men, two of whom had held high command in NATO.

Reuter.

# Bonn package criticised

BY ADRIAN DICKS

BONN, Sept. 25.

AMID reports that West Germany is still coming under criticism from its partners at the International Monetary Fund annual meeting for not doing enough to stimulate economic recovery, Bonn has been handed a similarly sceptical judgment on its recent package by one of the most influential of domestic commentators, the Munich-based Ifo Institute of economic research.

Although applauding the intentions of the cabinet's DM10bn. package of measures to support growth in 1978, the institute writes in its monthly report that the scope of the measures is too small.

At the same time, it defends the German Government against some of the accusations made against it abroad by observing tartly that "it would be wrong to believe that the so-called problem countries can overcome their own difficulties by stronger West German expansion alone. More growth in the Federal Republic can only ease their problems and not solve them."

Ifo's differences with the Government programme, which is intended to support a growth rate of 4.5 per cent. in real terms next year, arise over the extent and the form of its personal tax cut proposals.

"It must be doubted whether tax relief, through the raising of the Christmas allowance and the raising of the basic allowance worth about DM6bn., will manage to raise aggregate demand in sufficient quantities," Ifo comments.

It goes on to point out that part of the effect of these two tax-cutting measures will be cancelled out by the planned increase to value added tax on January 1, the postponement of the next pension increase and by the falling off of long-dated savings maturies.

"Because the problem is not one of merely filling a short-term gap in demand, any measures which improve the prospects for medium-term growth ought to have more significance in the framework of the Government's programme. The programme places too little accent in this direction."

# Swiss reject constitution amendments

By John Wicks

ZURICH, Sept. 25.

THREE proposals which would have led to amendments in the Swiss constitution were rejected in a national referendum this week-end. The motions failed to obtain the necessary double majority of individual and cantonal votes.

The most controversial of the proposals was one to legalise abortions undertaken within 12 weeks of the start of the pregnancy period. Linked to this was a clause laying down that the confederation and cantons should be responsible for measures to protect pregnant women and promote family planning.

The proposal had been supported by the Social Democrats and Liberal parties and opposed by the Christian Democrats, who have a strong Catholic base.

Also rejected were motions to apply strict limits to emissions from car engines and to ensure federal control of rents and protection of tenants.

*Meanwhile*, it was announced this evening that canton Zurich is to introduce a referendum proposal to legalise euthanasia. A majority supported a motion to this effect at a cantonal vote this weekend.

# Mourners halted at S. African funeral

BY QUENTIN PEEL

KING WILLIAMS TOWN, Sept. 25.

THOUSANDS OF mourners converged on this otherwise deserted little town to-day for a mass funeral for Mr. Steve Biko the South African black leader who died in police detention two weeks ago. Mr. Biko was was 30, was considered one of the most influential young leaders in the country.

The crowds gathered *from* the early hours of the morning at a sports ground on the edge of the town near the black township where Biko spent the last four years of his life in banishment.

An estimated 12,000 to 15,000 attended, including black and white churchmen white politicians and, significantly, foreign diplomats representing the major Western powers.

*However, hundreds more were* prevented from attending by a nationwide police operation to turn back mourners from as far afield as Cape Town, Durban, and the townships around Johannesburg and Pretoria.

Roadblocks were mounted on all the major roads leading to the Eastern Cape, while a crowd of waiting mourners in Soweto, outside Johannesburg, was broken up by police.

Speakers from all the political organisations with which Biko was associated, including the Black People's Convention, of which he was honorary president, and the South African Students' Organisation (SASO), paid tribute to him but concentrated mainly on the political future for South Africa's black majority.

Mr. Hlaku Kenneth Rachidi, President of the BPC, declared that Biko's death was the latest in a series of "executions" aimed at the movement.

Dr. Nhatatu Motlana, leader of Soweto's Committee of Ten citizens campaigning for municipal status for the township, accused the police of "naked power, racism and brutality" against mourners planning to come to the funeral.

Bishop Desmond Tutu, the Bishop of Lesotho and former Dean of Johannesburg, attacked the "senseless waste of such a promising leader," and issued an impassioned appeal for peaceful change.

UPI adds from East London: A crowd of black mourners returning from the funeral of Steve Biko to-day stoned to death two black policemen in the Mdantsane African township outside this East coast port city, Brig. Piet Smal said. Brig. Smal said men were "forced to open fire" and wounded two blacks in a crowd which had started attacking cars, overturning three and setting two others alight. It is not clear what precisely angered them.

The Financial Times, published daily except Sundays and holidays. ... New York, N.Y.



Economic ...

RETAIL PRICE INDICES

| | | |
|---|---|---|
| | July '77 | June '77 |
| 145 | 144.9 | 145.4 |
| 181 | 182.7 | 182.3 |
| 187 | 183.3 | 183.6 |
| 122.18 | 122.79 | 122.42 |
| 183 | 182.5 | 181.8 |
| | June '77 | May '77 |
| 118.1 | 118.4 | 119.0 |
| 118.9 | 118.0 | 116.9 |
| 184.1 | 182.5 | 181.1 |

## WORLD TRADE NEWS

# ong Kong hits at EC over textiles

LIP BOWRING HONG KONG, Sept. 25.

Y serious concern with ng Kong views the the EEC towards tex- ts has been underlined rival in London to-day ernor Sir Murray Mac- or talks with Mr. ell, the Secretary of Trade and Foreign ials.

intervention in trade the Governor at this ates the anxiety here. hose will try to per- ain to use its influence the EEC adopting a arded here as protec- particularly discrimin- st Hong Kong and two ian exporters, South Taiwan.

aclebose visit is the come of the revelation of the basic negotiating given by the EEC Ministers to the EEC n regarding bilateral greements with export- s and renewal of the Arrangement.

g to reports, the man- to restrict 1978 import 1976 import levels, to uture growth of sensi- to virtually nil, and very limited growth ems.

worse however, from 's point of view, is the EC aim to force Hong orea and Taiwan to tual cutbacks so that thus released can then ed out to countries to EEC wishes to grant avours, or to countries will not anyway be able em.

uggested that such a a violation of the al General Agreement of Tariffs and Trade principles.

In his discussions, Mr. Maclebose will simply be asking for equal and fair treatment for Hong Kong, and that it should not be singled out of the "sacrifices" which EEC negotiator Mr. Tran Van Thinh recently suggested it would have to accept.

Tran is understood to have been thinking aloud about cutbacks of the order of 15 to 20 per cent. in quotas for sensitive items from Hong Kong from 1976 actual performance levels. This could mean an actual fall next year of Hong Kong sales of these products to the EEC as much as 30 per cent. from 1976 levels.

# Poland ship order talks

By Ian Hargreaves

TALKS CONTINUE this week on the protracted effort by British shipbuilders to win a £130m. shipbuilding order from Poland.

The specific timetable for talks is far from clear, but it is possible that a Polish negotiating team will be in London this week. The order is seen as crucial for the order-starved and recently nationalised shipbuilding industry, but this very fact is enabling the Poles to drive a very hard bargain on the financing terms for the order.

Earlier British shipbuilders had been hopeful that the deal would be settled during September, but in the last few weeks negotiations have become tougher and it is still not certain that the order will be won.

# Jordan may build $100m. railway

By Rami G. Khouri

AMMAN, Sept. 25.

JORDAN is considering building a new 200 kilometre railway line to be used primarily to haul potash for shipment from the southern port of Aqaba.

The chairman and general manager of the Arab Potash Company said that studies are under way for constructing the railway, which would connect the south-eastern Lisan peninsula of the Dead Sea site of the $425m. potash project to Aqaba, passing through the flat but hot and desolate Wadi Arab region along the border with Israel.

Plans now are to ship potash by truck when production starts at the end of 1981. The railway would probably be a single-track narrow-gauge line, similar to the existing line in Jordan used to carry phosphates to Aqaba. It would probably cost some $100m.

The Government has also decided to build a separate berth at Aqaba Port to be used for potash loading, senior Transport Ministry officials have confirmed.

Terms of reference for the potash berth are now being drawn up, and tenders for consultants for the berth project are expected to be issued soon.

The potash berth would come above and beyond the four new general cargo berths that are being built at Aqaba Port.

GENERATING EQUIPMENT

# India takes on the power industry giants

BY KEVIN RAFFERTY

WITH A Saudi Arabian order for a $74m. turnkey power station recently that went almost unnoticed outside its own country, an Indian company has chalked up export orders worth $200m. within a year and gone firmly into the middle league of world makers of power generating equipment.

Mr. V. Krishnamurthy, chairman and managing director, is proud that Government-owned Bharat Heavy Electricals (BHEL) is beating its international competitors.

He pointed out that the "think tank" had recently recommended that there should be mergers between the British power equipment manufacturers to consolidate strength and ability to win exports—BHEL had embarked on just such a scheme several years ago.

The company's progress in the past few years is more remarkable considering that not long ago India's power equipment industry was reckoned to consist of "sick units."

Before the rationalisation plan only 6 per cent. of India's 19,000 megawatt power capacity was indigenously produced. The various power equipment plants duplicated products and used a variety of technologies. For example, turbosets were being made at Bhopal, Hyderabad and Hardwar, hydro turbines at Bhopal and Hardwar, and circuit breakers at Bhopal and Hyderabad. For the turbosets British technology was being used at Bhopal, Soviet at Hardwar and Czechoslovak at Hyderabad.

The first step was to merge the two Indian makers of power generation equipment, BHEL itself and Heavy Electricals (India) Limited. The merger was effected in January 1974.

Such a move, Mr. Krishnamurthy pointed out, was a major step in rationalisation of its operations. But he added: "We have gone one step further. More than 50 per cent. of the world's business for power equipment is done on a turnkey basis. Authorities do not want to buy bits and pieces; they want total capability.

"This is what we are aiming to supply. We are no longer going to be equipment suppliers, but are going to design whole power stations."

The corporate plan that BHEL embarked on in 1974 involved big changes. Seven points were laid down: to manufacture and supply power equipment of at least 5,000MW a year by 1980; to erect and commission power projects quickly on a turnkey basis; to upgrade after sales service to get the best out of the installed power units; to export and "gain a respected place among the international manufacturers of power equipment;" to update research and development to reduce dependence on foreign technology; to develop new energy sources such as solar and geothermal; and develop a new style of personnel management "to bring about an increased sense of belonging and team spirit among our employees."

Results since the corporate plan was put into effect testify to its success. In the 1975-76 year production rose by 33 per cent. to Rs4.2bn. (£260m.). Profits reached more than Rs540m. Physical production of generating plants in the year reached almost 3,500 MW and exports began to take off. In the year ending in March turnover rose to the equivalent of $600m., said Mr. Krishnamurthy.

Mr. Krishnamurthy points out the size of the task for a manufacturer in a developing country to try to catch up with competitors from already industrialised countries. All other industrialised countries had more than a head start—Westinghouse had been building power generators for almost 100 years, he said, and even the Japanese had been manufacturing for 50. India was the only country to have built up its power generating manufacturing industry in the last 20 years.

Thanks to the new emphasis on engineering and the setting up of a research and development division, BHEL has begun to turn out products of its own design. Mr. Krishnamurthy mentioned that BHEL designed fluidised bed boilers and said the company had set up a small solar power system of its own.

The company's aim is not to substitute all Indian designs for the present mixed technology but to choose the areas in which India can do best and develop them—such as the fluidised bed boiler, and solar power plant—and to co-operate with foreign companies in areas where the Indian base to-day does not justify indigenous development because it would waste time or money. BHEL has opted for co-operation in the fields of large-scale turbine generators, industrial electronics, combined cycle power systems and transmission systems and products.

All this progress has pushed BHEL into the ranks of companies capable of producing power equipment of the order of 5,000 to 6,000 MW a year, still a long way behind the giants of General Electric (U.S.) and Westinghouse, which have the capacity of 15,000 to 20,000 MW. It is still also some distance from the next group consisting of Brown Boveri and Siemens with capacity of 8,000 to 10,000 MW. But it places BHEL on a par with the next group consisting of GEC of the U.K., Alsthom, and Hitachi Mitsubishi of Japan.

Moreover, in exporting BHEL may be gaining more than a competitive edge. The company has only started going into exports in the last two years apart from, in Mr. Krishnamurthy's words, "stray exports of boilers to Malaysia." He is anxious to build up exports to 20 to 25 per cent. of production.

But at present rates BHEL's exports may begin to approach 50 rather than 25 per cent. of its production. This year the company won an order worth more than $100m. from Libya against competition from Japan, Switzerland, the U.K. and Italy. Some of the Middle Eastern countries with big orders have recently expressed a predilection for products from the Third World, not so much because of developing world solidarity but because they believe that the rich industrialised countries are overcharging them.

Although BHEL is handicapped—again—by having little of its own to offer in the way of original design or technology, it is helped by its lower wage costs, for equivalent skills. And, says Mr. Krishnamurthy, where service costs are involved outside India BHEL is at a decided advantage. It is much cheaper to provide Indian expatriates than those from Western countries, sometimes up to a third as cheap.

The successes of BHEL have led some rivals to complain that the company is taking unfair advantage. Some grumble that the Indian company is playing on its Third World connections. Mr. Krishnamurthy just shrugs and smiles at this accusation, as if to suggest that it is only natural. But he emphatically denies that the company is exporting at a loss. The only problem for BHEL may be that Mr. Krishnamurthy has done such a good job that he has been promoted to Secretary (chief civil servant) in the Ministry of Heavy Industry; someone else may have to build on the foundations he has established.

## ntracts

ortium of 15 Japanese l banks will extend ounting to DM73.5m. to help the Vietnamese teel from Japan, Nihon ported, according to Quoting financial ne Japanese economic id the loans will be re- 1 five years with a 3½- e period. Vietnam is to buy about 130,000 el from Japan between od January.

ium Pechiney, a unit of Jgine-Kuhlman (PUK) ad offered technical for the projected aluminium electroly- at Vera-Cruz, Mexico. vestment for the plant ted at $500m. with upplying most of the Other international are said to have oilar assistance.

H. Ernault-Somua, nch makers of machine- l it had concluded a and commercial co- agreement with Caser, whereby the latter will re certain numerically-controlled equipment under licence. The agreement also gives Caser the exclusive marketing rights of the machines in certain countries, it added.

● The Asian Development Bank has approved a $22.0m. loan to the Government of the Philippines for the Tago River irrigation project and two technical assistance grants—one to be financed by the bank and the other to be financed by the European Economic Community for the second Mindanao irrigation study.

● A sales and service division for Perkins Engines in Iran is to be operated by Iran Tractor Manufacturing Company (ITMCO) which also holds a licence for the manufacture of 30,000 diesel engines a year. ITMCO is a wholly government-owned company within the industrial development and renovation organisation of Iran and production of Perkins three-cylinder and four-cylinder engines will start during 1978 in a large manufacturing complex in Tabriz.

## orld Economic Indicators

RETAIL PRICE INDICES

| | Aug.'77 | July '77 | June '77 | Aug.'77 | % change over earlier year | Index base year |
|---|---|---|---|---|---|---|
| nany | 144.5 | 144.9 | 145.4 | 139.3 | + 3.7 | 1970=100 |
| | 183.1 | 182.7 | 182.3 | 171.4 | + 6.8 | 1969=100 |
| | 184.7 | 183.8 | 183.6 | 158.5 | +16.5 | 1974=100 |
| | 123.18 | 122.79 | 122.42 | 114.97 | + 7.15 | 1975=100 |
| | 183.3 | 182.5 | 181.8 | 171.9 | + 6.0 | 1967=100 |
| | July '77 | June '77 | May '77 | July '77 | | |
| | 118.1 | 118.4 | 119.0 | 108.8 | + 8.5 | 1975=100 |
| | 118.9 | 118.0 | 116.9 | 98.9 | +20.2 | 1976=100 |
| | 184.1 | 182.5 | 181.1 | 167.2 | +10.1 | 1970=100 |

## HOME NEWS

# Ministers seek pact to save energy

By Ray Dafter, Energy Correspondent

ENERGY MINISTERS of Western countries are expected to agree on a major programme of energy conservation measures at a meeting in Paris next week.

They are likely to lay strong emphasis on the need to develop alternative forms of energy, such as wind, wave, tidal and solar power.

The Ministers will meet on Wednesday week for the first time since 1975, under the umbrella of the International Energy Agency. Its chairman, Mr. Alastair Gillespie, Canadian Minister of Energy, says the main task of the Agency should be emphasis of the precarious nature of the energy position.

"I hope that a campaign will dramatise the size of the energy problem," he said in London after a meeting with Mr. Anthony Wedgwood Benn, the Energy Secretary. "There is an enormous amount of unreality. People just expect that the energy problem will be solved somehow."

He said that the Agency, formed after the 1973 energy crisis, would meet knowing that there could be another serious energy problem in the 1980s.

Western nations were expected to continue increasing their oil imports, and the Organisation of Petroleum Exporting Countries, particularly Saudi Arabia, would be expected to meet the demand. A "massive commitment" to conservation was needed.

Canada has taken steps to improve her insulation standards. Mr. Gillespie said that 70 per cent. of houses were being insulated at a cost of $1.5bn. The money would be recouped from savings.

A tidal power scheme, now being viewed seriously in the U.K., would be built in the Bay of Fundy.

There is a major energy conference in Birmingham to-day. About 700 industrial managers and local and central Government officials are expected to hear Mr Benn outline the Department's latest conservation measures.

Energy survey Page 33

# Industry policy emphasis 'should be on competition'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE EMPHASIS of the Government's industrial policy should be shifted to the promotion of competition, including more rigorous scrutiny of mergers, rather than encouraging concentration.

This is urged in an article on the regeneration of manufacturing industry in the autumn issue of the Midland Bank Review, published this morning. The authors are Sir Alec Cairncross, Mr. John Kay and Mr. Aubrey Silberston, all from Oxford University. The article arises from the discussions of 14 leading economists.

The authors argue that if the Government really wishes to be helpful in industrial policy it should resist the temptation to take direct action and should concentrate on a more indirect approach by trying to raise the general level of management and by creating a more propitious business environment.

"Above all it should not cultivate expectations that by some magic which has eluded existing managements the industrial performance of the country will undergo a sudden transformation."

The article is sceptical about a number of features of the Government's industrial strategy and argues that the real question is how to make competition work to the best advantage.

Price control is seen as an impediment. Although it can be useful in affecting inflationary expectations as in a short-term freeze, it cannot last long unless supplemented by other measures.

More Home News Page 10

The principal role for price control in its present form according to the authors, is as a cosmetic addition to an incomes policy. Permanent price controls are dangerous and no useful purpose is served by them, except in highly concentrated sectors where strengthening the powers of the Monopolies Commission would be constructive.

The authors say that while there are strong arguments for shifting to a policy which encourages competition, this seems far removed from the industrial strategy.

"There is perhaps understandable reluctance on the part of the Government to accept that there is not actually very much it can do to promote industrial efficiency, and this leads to exaggerated emphasis on the importance of those things which they can do," such as the provision of funds for manufacturing investment and the amount of investment, regardless of the return on it.

These proposals are made following a detailed discussion of Britain's poor productivity record and the large and widening gap with the position on the Continent.

The authors argue that this comparatively poor performance cannot be satisfactorily explained by a shortage of investment, by lack of scale or by the low rate of growth of the British economy generally.

"More consideration needs to be given to motivational forces which have weakened the morale and effectiveness of management as the power of labour has grown."

They say British industry has for many years lacked the feeling that the Government and public are actively behind it, anxious for it to succeed and offering help, and this is one of the main reasons for the present malaise.

# Modest accounting reform urged

BY CHRISTINE MOIR

A MODEST approach to a reform of U.K. company accounts has been urged by Professor W. T. Baxter, Emeritus Professor of Accounting at the London School of Economics.

In the October issue of the Lloyds Bank Review, Professor Baxter suggests a four-stage reform of accounting practice which would go some way to introducing the most valuable concepts contained in the rival current purchasing power and current cost accounting proposals.

"Inflation accounting is much needed," says Professor Baxter. But he maintains "a change so fundamental and unfamiliar should be approached with modesty."

"Accountants are being pressed to bring in a big reform for which their training and tradition fit them poorly.

"They are being exhorted to hurry; yet they know that a false move will do much harm to business, investors and their own profession. Small wonder that they are rattled and rebellious."

The Professor says the first stage of his proposals would be quick and easy, and could be adopted at once even by small firms.

It would involve raising the costs of inputs in the usual income account, notably cost-of-goods and depreciation, with the general index.

Phase two, which could take place a couple of years later, would be another simple adjustment—for change in the value of monetary items. Professor Baxter suggests that in the early stages this could be confined to current items, and not affect tax.

Following this, assets could be revalued. Professor Baxter prefers the CCA approach to asset valuation.

Finally, all remaining historical figures, including share capital and retained earnings, could be updated under the CPP system. This should not take place, however, until the earlier steps had been successfully adopted.

Professor Baxter argues that this system would result in a complete reform of accounting and would "alone give us accounts which are entirely consistent."

# National Savings tops record £694m.

By Adrienne Gleeson

JUST 22 weeks into the current financial year, the flow of funds into National Savings has already topped the record £694m. of the whole of the preceding year.

The August contribution, at £121.4m., was well down on the level of the preceding months, but still well ahead of the £45.3m. net new savings recorded in August last year.

Once again it is the National Savings Bank investment accounts which have made most of the running. Attracted by a high interest rate (10 per cent., declining to 9 per cent. on October 1), investors placed a net £89.4m. in Investment Accounts in August.

All the same, the total is well down on that of the preceding month, when over £200m. was put into Investment Accounts. In the intervening period, the new £50,000 limit on the size of deposits has come into effect.

The inflow into all forms of National Savings has just topped £708m., as against £131.6m. at the same time last year—ahead of net interest credits.

The total invested in National Savings, at the end of August, was £13.962bn.

## Leyland call

British Leyland should be given a November deadline to meet Government targets or lose the guarantee of public cash, Mr Kenneth Clarke, Conservative industry spokesman suggested at the week-end.

## Lab. closing

The Bank Organisation is to phase out its Arton film laboratory and transfer its work to the company's principal plant in Denham.

## 25th million

THE 1,400 miners at Thoresby Colliery, Edwinstowe, Notts., whose productivity rate is almost double the national average, have produced their 25th annual 1m. tons of coal.

## Lloyd's changes

The form and content of Lloyd's Rules and Regulations for the Classification of Ships will be changed at the beginning of next year. The aim is to create a more logical ordering of the classification regulations.

## Policy altered

Northern Ireland's largest moderate group, the Alliance Party, has abandoned its power-sharing policy because of the widening gulf between the two major political blocs.

# Labour group attacks executive members' 'Communist links'

FINANCIAL TIMES REPORTER

A RIGHT-WING Labour group, the Social Democratic Alliance, last night attacked alleged links between some members of the party's national executive and Communist organisations.

The alliance, which two years ago caused a storm with a circular condemning Labour's extreme left, has now accused leading MPs and trade unionists of being "associates of Communism."

In a statement for delegates to Labour's Brighton conference on October 3, the alliance said that since its 1975 circular "the situation has continued to deteriorate."

The new circular claims that at least half the national executive associate with one or more extreme Left organisations—some of which were on the party's proscribed organisations list before the list was dropped in 1973.

The alliance appeals to conference delegates not to vote for national executive candidates who do not "refrain from associating with Communist organisations."

The candidates — including national executive members standing for re-election—are singled out under five categories:

- Association with Communist front organisations.
- Association with Leninist Trotskyist organisations.
- Writing articles for, or actively encouraging support for the Morning Star.
- Writing for Labour Monthly.
- Writing for Communist Party publications to which, according to the alliance, only party members normally contribute.

It defines association as acting on governing committees, organising committees or sponsoring meetings, speaking for them, being members of groups merely accepting invitations to attend their functions in any combination of these.

Miss Joan Maynard, MP for Sheffield, Brightside, described the circular as a smear tactic.

Miss Maynard, a member of the national executive, said: "This is the usual sort of one comment you would expect from them. The fact that you write for a newspaper does not mean you necessarily agree with all its editorial comment."

Mr. Neil Kinnock, Labour MP for Bedwellty, said: "With enemies like the SDA, nobody needs comrades. It is a measure of the tolerance of the Labour Party that it has not prosecuted an organised hysteria like the SDA." He described the alliance as "a well balanced political organisation — with a chip on both shoulders."

# Too many laws harm nation says Howe

BY JOHN LLOYD, INDUSTRIAL STAFF

SIR GEOFFREY HOWE, the Conservative Shadow Chancellor, has launched an attack on "legislative pollution" and too many laws.

"Too much law can do positive harm. Too much law can make it harder for a nation to become rich and can, in an extreme case, actually make a nation poorer.

"Every new law, every new regulation, every new code of practice can involve the community in some net cost."

Sir Geoffrey's comments are contained in a pamphlet published yesterday by the Conservative Political Centre.

He said that the Price Commission last year cost the taxpayer £4.9m., "but the compliance costs for trade and industry have been estimated as at least 10 times as much."

Rent control was an example of initiative being discouraged or suppressed.

Sir Geoffrey proposed "12 commandments for a Conservative Government." Among them were:

Fewer new laws, reduce the existing volume of law, interference with market process should be avoided, outdated laws should be removed from the statute books, the law should not be changed too fast, people should be made aware of the laws which benefit them, laws multiplying opportunities for the exercise of ministerial discretion should be avoided.

"*Too Much Law?*" by Sir *Geoffrey Howe, Conservative Political Centre*, 40p.

# Campaign for new boost to British-U.S. travel

BY ARTHUR SANDLES, ST. LOUIS, MISSOURI, Sept. 25.

A BIG rise in the number of British tourists going to the U.S. is prompting a campaign among U.K. travel agents to increase the flow even more.

Britain sent more than 500,000 visitors to America last year—second only to Japan—and the total will top 600,000 this year.

With sterling stronger and U.S. inflation still low by European standards there are hopes that the 23 per cent. increase of 1976 and this year's 11.4 per cent. rise will be further improved.

The American Government has invited 40 British tour operators and agents to Missouri for a week's teach-in on why the U.S. is a better choice for the travelling Briton than Spain or Italy.

Similar teams from Japan, Germany, France and several other nations will be attending the conference.

The British team includes Thomas Cook, Lunn Poly, part of the Thomson Organisation and Cunard, North Atlantic charter operators Laker and Jetsave are here with the tour-operating subsidiaries of scheduled airlines, British Airways and British Caledonian.

ERTISER'S ANNOUNCEMENT

Ve'll take
nore care
f you

. 23

# British airways ANNOUNCE

Monday, September 26, 1977

Fly the flag.

## leven direct business routes into North America

# GET READY FOR EXPORT BOOM!

**TISH AIRWAYS has played a major in Britain's march back towards pros-y and the achievement of a record £316 on surplus in the August trade figures.**

ias flown out the exporters and flown in buy-d free-spending tourists. And every day Brit-irways helicopters are helping to speed up the in the North Sea oilfields.

v the airline is poised to help exporters attack North ica where Britain still had a trade deficit in August.

pects for trade there are looking brighter and British Air-ready to make the most expected upsurge in d for flights across the Atlantic this winter.

airline is offering fre-services to 11 des-is in North America, aily flights to the key of New York, Boston, o, Detroit, Philadel-Vashington, Miami and ngeles, most by wide-aircraft.

April, British Airways introduce a daily ser-h Boeing 747 jumbos to ancisco – a new right d under the recently-led Bermuda agree-etween the government in and the USA.

### cial

log to economic fore-the biggest business going to take place in nth and west of the States.

area, British Airways placed to serve business rs through its special ing arrangements with lines.

he oil industry centre of n, for instance, business rs can fly on British w non-stop daily service i, picking up a con-Continental Airlines Or they can go by the sonic Concorde to ngton, transferring there aking Eastern Airlines

sh Airways estimates is supersonic service, ith the change of air-s the fastest way bet-London and Houston, two-and-a-half hours e non-stop subsonic

### tres

ugh their arrangements ther major US and ran airlines, British s travellers can have journeys this winter h to such North Ameri-ntres as New Orleans, Dallas/Forth Worth, Francisco, Atlanta, lo, Mineapolis, Denver, San Diego, St Louis, a, Winnipeg, Edmonton, ouver, Calgary and

ish Airways has up the frequency of oncorde flights to gton to six each week the service will become from October 1. Inci-ly, the Concorde service rain is being stepped up

to two a week, with a new Friday flight joining the existing Wednesday service on October 7.

British Airways also offers these special features to North America:

- Weekly 747 advanced booking charter flights to New York, with Christmas specials to Toronto and Vancouver.
- A wide range of fares – see the report below.
- Reunion clubs for people wishing to visit friends and relatives in both the United States and Canada. Information on the clubs is available through most travel agents, with membership costing £2 a person a year.

## Hilton has a place for the executive

BRITISH AIRWAYS has joined Hilton Hotels and Inns in the United States to offer a special programme designed specifically for executives from the United Kingdom.

**Executives can book rooms at any one of the 170 hotels and Inns in the chain at the same time that they reserve their seat on British Airways through a Travel Agent or a British Airways Travel Shop.**

**The booking is confirmed back to them and the room will not be sold to anyone else, no matter how late the traveller arrives.**

**On arrival the hotel will have the details of the registration so that it is only necessary to go to the quick check desk, or to the assistant manager's desk to be identified as an Executive Programme guest.**

**And, providing the assistant manager is informed, guests under this scheme may retain their rooms up to 6pm at no extra charge, an obvious bonus for businessmen waiting to fly back to Britain on an overnight British Airways flight.**

**Depending on hotel grading, the cost per night is $25, $35 or $42 for a single room, plus tax.**


The frontline of the battle for exports. . .At a New York European Fashion Fair, Raymond Lawson (left), Rally Klad sales director, shows a long cashmere kilt to three buyers from Pennsylvania. Rally Klad and 33 other British firms at the fair were backed by the British Overseas Trade Board and sponsored by the British Knitting Export Council.

## Winter flights to Europe

NEW WINTER schedules on British Airways services into Europe from London Heathrow are being introduced from November 1.

Here are some of the highlights for business travellers:

**PARIS:** There will be six flights a day, four of which will be by the wide-bodied TriStar. First-class accommodation is available on all flights.

**AMSTERDAM:** There are seven flights a day from Monday to Thursday, and six on Friday. There are frequent weekend flights. Some services are operated by TriStar.

**BRUSSELS:** There are four flights every weekday, and frequent flights on Saturday and Sunday, with TriStar operating some of the early evening return services.

**FRANKFURT:** There are now three flights on Sunday and every weekday, with two on Saturday. A Super 1-11 flies there each weekday from Manchester.

**MUNICH:** Two flights on Sunday, Monday, Wednesday, Thursday and Friday, and one on Tuesday and Saturday.

**BERLIN:** Frequent flights every day.

**BREMEN, STUTTGART and HANOVER:** Each has a daily nonstop service.

**DUSSELDORF:** Three flights a day. Birmingham, Glasgow and Manchester also have flights to Dusseldorf.

**HAMBURG:** Two flights a day.

**COLOGNE:** Two flights every day, except Sunday, when there is one.

**MILAN and ROME:** Two flights a day to each city from Monday to Saturday, and one on Sunday. First-class accommodation is available on all these flights.

**TURIN:** Four flights a week – on Monday, Wednesday, Friday and Sunday.

**STOCKHOLM:** The schedule will, for the first time, in winter be a twice daily service.

**COPENHAGEN:** There are two flights every day, and six of these every week are operated by wide-bodied TriStar.

**ZURICH and GENEVA:** Three flights to each city every day, except Friday when Geneva has only two.

## Make your sales team high-fliers

TRAVEL awards are a great incentive and an excellent way of increasing company productivity sales, and profits.

Now British Airways, already a leader in this field, has produced an Incentive Travel Planner to back up its excellent Skyhigh Awards Itinerary Brochure.

It gives an eight-step guide to operating an incentive programme.

The Incentive Travel Planner is available from *Incentive Travel Department*, West London Terminal, Cromwell Road, London SW7 4ED.


## Fly to the East on the fast Orient 'express'


THE fastest flights between London and Singapore on five days each week are operated by British Airways, which has a daily service between the two cities.

Its wide-bodied Boeing 747 jumbos leave Heathrow in the late afternoon or evening each day of the week, and on three days make only one stop on the route. On the remaining days they stop only twice.

**Announce Reporter**

Fastest flight time is 14 hours and 40 minutes.

British Airways also has a daily 747 service between London and Hong Kong – *another important business route*.

The airline flies to the Crown colony ten times each week, their 747 services being augmented on one day of the week with the always popular VC10.

There are five one-stop flights a week to Tokyo from Heathrow.

## ares are down to New York

**Announce Reporter**

FARES have been duced by British Air-on the London-New route, and there is a choice to please one.

two new fares are:

**DBY FARE:** This costs ne way to New York.

cets are sold on a one-asis, only when seats are ble – and it's first come, erved.

se tickets can be issued at the Standby Desk in a Airways Victoria Ter-on the day of departure. sengers should be there st two hours before the The terminal is open 0630.

l British Airways in-flight e is provided.

return flights, pas-rs should go to the Infor-n Desk at the British ys Terminal at Kennedy Airport not less than three hours before departure.

The one-way fare from New York will be $146 (£85).

**BUDGET FARE:** This will cost £69 from London to New York and $160 (£92) from New York to London. Full payment must be made and open tickets issued at least 21 days before the first day of the week in which the passenger wishes to travel.

The passenger will then be given a confirmed flight at least seven days before departure.

If a passenger cancels there will be a non-refundable charge of £30 a ticket.

These tickets can be bought from Travel Agents or British Airways Travel Shops.

Advance booking charter (ABC) and advance purchase excursion (APEX) fares still offer excellent value:

**ABC FARES:** The advanced booking charter is, in fact, still the cheapest London-New York fare – from £126 to £142 (at Christmas) return.

There is a 46-day advance booking period, and the flights are for various fixed lengths of stay.

**APEX FARES:** The fare from London to New York is £153 return.

Passengers have to reserve APEX seats a minimum of 50 days before departure and stay at their destination between 14 and 45 days.

APEX fares have this important advantage for people with *time to book ahead* – they are available, not only to New York but to all other cities in the United States and Canada served by British Airways.

## Your chance for a New Zealand club

BRITISH AIRWAYS is *considering forming* a New Zealand Reunion Club.

Following the success of the American, Canadian and Australian Reunion Clubs, people have asked if one could be started for those who have friends and relatives in New Zealand.

Members of the other clubs are given the latest information on the cheapest approved fares, help in obtaining visas and expert advice on travel.

There is an attractive finance scheme for buying tickets and a comprehensive travel insurance plan. *Preferential* car hire rates and bargain rates at hotels are also included.

Group flights for members are also arranged – all for a membership fee of £2 a year.

If you are interested in a New Zealand Reunion Club, please send your name and address on *the coupon below*.

The club can only be organised if sufficient interest is shown by members of the public – so send the coupon off today.

**Post coupon today to:**
**'New Zealand', 156 Cromwell Road, London SW7 4ED**
**I have relatives/friends in New Zealand and would like to receive details of the formation of the New Zealand Reunion Club.**

**Name:** ......................................................

**Address:** ......................................................

# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PROCESSES

## Removing grime from problem surfaces

ENORMOUS and gratifying interest from abroad is being shown in a development for the cleaning of industrial plastics and a variety of metals from problem staining such as caused by milk products, egg, meat and, in general, those residues encountered in the food, drink and bakery industries that have proved extremely difficult to remove by previous methods.

Originator is a small company in the Thermoplastic Compounders Group — Ultrasonic Cleaning—which is only 25-strong. But it has so far accumulated hundreds of enquiries from overseas at the Interplas Exhibition including one from Canada which could lead to some £90m. worth of business if all goes well.

The main advance scored by the company is that it has succeeded in turning ultrasonic cleansing into a flow-line process in contrast with the dip-tank process generally employed hitherto. This means that it can be incorporated into a production system without creating bottlenecks.

Several specially formulated detergents are being made available by Deversy and Lever Industries and further work in this area is in progress to extend the number of applications of the equipment. Cleaners for metals are also being examined.

Applicable on practically every type of plastics object, with the only proviso that it has to be rigid, equipment has already been built capable of tackling 1,500 milk crates an hour—a speed which can be raised to 3,000 if required.

Using this approach to cleaning gets round two of the most frequent causes of breakdown in conventional plant — blocked nozzles and conveyor failure. With ultrasonics, there are no nozzles to block and the design has no conveyor in the cleaning unit.

The developers claim a 50 per cent reduction in running costs compared with previous equipment and in particular, a cut in power demand from typically 30 kW to only 6 kW.

More from Ultrasonic Cleaning on 0582 414666/7.

## Electron radiation service

UNDER construction by Radiation Dynamics of Swindon is a full-scale electron radiation service centre equipped with a 1.5 MeV 75 kW electron beam processor.

Industrial firms will be able to rent time for experimental work, pre-production and full production runs. Likely applications will be in the electron beam processing of wire, cable, plastics, tubing, sheet, scrap plastic, foam rubber sheet, adhesives and also in the sterilisation of medical products.

The company states that the generator can be readily made to deal with a flow of product so that a single operator can handle the entire task. It will also be possible to integrate beam processing with other manufacturing steps such as packaging or finishing.

Main benefits will be to the smaller company which will be able to compete more easily with large ones without incurring the cost of an in-house installation. More from P.O. Box 10, South Marston, Swindon, Wilts SN3 4TB (0793 823451).

## Alloy for furnaces

PIPEWORK AND fittings in petrochemical cracking and reforming furnaces are subjected to high stress to high temperature, corrosive conditions, and special alloys have been developed for these applications.

One of these is Thermax 532, a cast austenitic steel (32 Ni; 20 Cr; Nb) produced by Sheepbridge Alloy Castings. An improved version has been developed which is stated to have improved stress-rupture properties, tensile ductility and scaling resistance—the company is unwilling to be specific about the alloying additions.

Tests at the Sheepbridge Engineering Group's laboratories are reported to show that the rate of scaling is about half that of the original alloy. The alloy is said to be readily weldable and stress rupture tests at 900 deg. C across the weld have indicated properties up to almost double the previous figures.

Improvements ranging from 10 to 20 per cent. in stress rupture properties have been achieved at temperatures ranging from 800 to 925 deg. C.

Centrifugally cast tubes from 31 to 30 inches diameter, and up to 15 feet long, can be made by the company in the new alloy. Fittings, bends, elbows, and other special pieces can be statically cast to a maximum weight of 2½ tonnes.

Details from Sheepbridge Alloy Castings, Hamilton Road, Sutton-in-Ashfield, Notts. NG17 5LL (0623 11152). The company says the alloy is the subject of patent applications, but it is interested in making licensing arrangements.

● ELECTRONICS

## New chip contenders

MAKING a renewed effort in the U.K. is Solid State Scientific Inc., which, via an augmented sales force in its distributor Ritro Electronics, will be consolidating its position as a second source for RCA and Motorola semiconductor products.

Via a cross-licence with RCA, SSS will be offering through Ritro the 1802 central processing unit in sample quantities from November, with production amounts to be offered by February of next year. Towards the end of next year it will also be supplying other 1800 series devices including read-only and random access memory and universal asynchronous receiver-transmitter chips.

Ex-ITT Semiconductors marketing director Dedy Saban, who has recently led the U.S. company into the watch chip and the military markets, seeks to win 10 per cent. of the £6m. to £8m. U.K. CMOS market "over the next two years."

● COMPUTERS

## Printers for smaller systems

TO BE launched by Dataproducts Corporation in October is the New Era range of printers aimed at low and medium speed applications in small business systems, remote intelligent terminals and distributed processing systems.

Three of the machines will be shown at the Systems 77 Munich exhibition. The B-300 band printer works at 300 lines/min: it uses the company's five hammer system and a steel band fount carrier. Applications will be in mini and microcomputer systems where usage is heavy but capital available may be limited.

The M-200 is an impact matrix machine using a new dual column 14 wire head and improved wire guidance. Working bi-directionally the printer produces 200 lines/min. For medium usage at low to medium speeds, the unit is suitable for many small system applications.

A thermal printer is also to be offered, providing 80 characters/sec. "at the same cost as standard 30 cps machines." More on Reading 585723.

## Redifon in Russia

FIRST orders from Russia have been received by Redifon, which is already established as a major supplier/educator in computer data capture and processing equipment in Eastern Europe.

The USSR taker of Redifon equipment is the major supplier of meat products throughout the Moscow area, Mosmyasoprom.

The latter has ordered a Seerbeck array, programmed to work in Cyrillic characters, which will have to deal with up to 700 orders per day for meat of various types.

It is proposed that some seven remote units will operate to a central delivery group which houses the controller and a further six display consoles and controllers.

● SERVICES

## Information bases merge

U.K. PIONEER in the field of product data dissemination on microfilm, Technical Indexes of Bracknell, has joined forces with Information Handling Services of Denver, Colorado, thereby greatly extending the data base available to the 1,000 customers of the former company in the U.K.

Technical Indexes at the moment offers its customers about 1m. pages of data, including full catalogues from over 16,000 U.K. suppliers, and all the engineering-orientated British Standards. The merger makes available a further 6m. pages, representing the catalogues of more than 30,000 U.S., Canadian and Japanese companies as well as the output of most North American governmental and industrial standards authorities.

Customers of the U.K. company are provided with an index in book form, the cassettes relating to the section of data they have purchased, and a microfilm reader-printer. Access consists of locating the correct cassette, looking at the microfilm index, and then operating the motorised film winding system to get to the required frame. A paper copy can be obtained in a few seconds.

Further developments of the two companies—which will retain their separate identities for the time being—include standardisation of techniques and formats (there is already a good deal of interchangeability), and a joint investigation of the nascent market in Europe and elsewhere.

Technical Indexes is also taking an interest in the Post Office's Viewdata trials and will have a very small part of its data ready for access in the exercise planned for next summer.

At the moment, however, the emphasis remains on microfilm. According to managing director David Easton electronic storage costs — for the kind of information he is selling — are far too great compared with film.

But he foresees that ultimately there may be grades of service offered: the most expensive would be rapid on-line access of completely up-to-date information over telephone lines while the cheapest service would remain on microfilm or fiche. The company is at Easthampstead Road, Bracknell, Berks. (0344 26311).

Speeds of up to 18,000 lines or 210 pages a minute can be attained with this printing unit now released by Honeywell for sale in Britain. However, it is much more than just a super-printer since its minicomputer controller allows it to be programmed to lay out forms, cut to specified lengths, punch holes for ring binders and produce multiple copies at one pass. Printed output is stacked and collated. The method used is a non-impact one in which the company's approach has taken a different path from that followed by other suppliers of such systems. The secret is in the dielectric paper used and the printer forms images on its surface electrically, the activated areas attracting an ink which is then fused to the surface at high speed by heat. More on 01-568 9191.

● MATERIALS

## Spray for hot fluids

A GUN jet for spraying liquids at pressures up to 2,000 psi has been developed by Spraying Systems Co., of Chicago. The maker says the gun is particularly suitable for hot liquids (up to 94 deg. C), as it does not require interruptions in spraying for cooling periods.

Maximum flow rate is 12.5 gpm. The steel-bodied gun has an epoxy coated aluminium handle which is insulated from the body by a phenolic material. The handle incorporates a trigger guard, and a lock to prevent accidental "firing."

The forward hand-grip is of vinyl, and can be adjusted to suit the operator. First section of the feed hose is heavily insulated.

Marketing in the U.K. is by CT (London), 3 Hobart Place, London SW1W 0HW (01-235 1304).

● SAFETY

## Hears across loud noise

CHUBB PANORAMA has recognised a major problem confronting personnel wearing ear defenders whilst working for long uninterrupted periods in noisy surroundings—boredom and isolation.

The company can provide ear defenders with built-in earphones and microphones for radio reception or intercommunication. The defenders also allow for direct communication to or between staff, irrespective of local noise levels.

Connections can be made to personal transistor radios, tape recorders, vehicle radios or speaker address systems. It is also possible, over fairly short distances, for two people to communicate directly over their ear defenders via a belt mounted amplifier. For communication over longer distances, they can be used with walkie-talkie sets.

Typical areas of application include airfields and aprons, factories, heavy transport, the direction of tractor or crane drivers, mining and work training on noisy sites.

Chubb Fire Security, Pyrene House, Sunbury on Thames, Middlesex. Sunbury 85588.

## Speaks many languages

MODULAR simultaneous interpretation equipment from Philips enables the organisers of multilingual conferences, seminars and other meetings to provide permanent or temporary installations for large or small gatherings.

Styled to match the recently introduced Philips CCS 300/310 Conference System and the new Philips Voting System CVS 100, the interpretation equipment is electrically compatible with the CCS 300/310. Both facilities may be combined in a single system with delegates' microphone units providing both functions. For example, simultaneous interpretation equipment can easily be added to an existing conference system. Or conference facilities can be included when a new interpretation system is installed.

Up to eight different languages, including the meeting's floor language, can be handled by each CIS 500/510 system. Speech from delegates' microphones is relayed through a central control desk to the interpreters. They provide immediate translations for the delegates, who listen on lightweight headphones.

Any number of delegates can have a microphone unit, which can be of two types. The simpler type has a key switch to signal to the control desk that the delegate wishes to speak. This fully illuminates a lamp on the control desk and also switches on a lamp on the delegate's unit at half power. When it is the delegate's turn to speak his button is pressed on the central control desk. The lamp there goes to half power to show who is speaking and the delegate's microphone is switched on. To tell the delegate that he can speak the light on his unit becomes fully bright. When the delegate finishes he turns off his microphone unit with a second key switch.

The other type of delegate unit is the conference system unit. This also includes an amplifier and loudspeaker so that delegates can listen easily to the floor language without wearing headphones. Conference systems are ideal for improving communications at all meetings and particularly for large gatherings and for overcoming poor hall acoustics.

Further details from Philips at POB 523, Eindhoven, The Netherlands.



● PACKAGING

## Knife to cut cartons

IF TINS are scored when a carton is being opened the corrosion resulting from the scratch can penetrate and contaminate the contents.

Stanley Tools has developed a knife specifically for opening cardboard cartons containing tinned foodstuffs. The head is shaped so that the blade projects sufficiently to cut open the carton, but cannot reach or damage the enclosed tins.

More from the maker on 0[illegible] 78678.

● INSTRUMENTS

## Counts and times

AVAILABLE from Systron Donner is a universal counter timer which consists of two [illegible] independent instruments [illegible] two separate eight digit displays housed in one unit.

Model 6361A's two channels each operate from dc to 100MHz, have 10 nanosecond time interval resolution and offer switchable ac/dc coupling. This simultaneous dual measurement facility allows any combination of frequency, period, ratio, time interval measurements to be made and displayed.

More from St. Mary's Road, Leamington Spa, CV31 1QN (0926 [illegible]).

● METALWORKING

## Wires chopped to length

TAKING WIRE up to 20mm. diameter and producing short to medium length parts up to 24mm. diameter, the prototype of a 5-die high-speed coldformer incorporating a shear, can produce 150 parts a minute, according to the makers.

Developed by Hatebur Metal-forming Equipment, it is claimed that the shear does not deform the cut blanks, so that the first die position does not have to be used for reshaping.

Production speed is increased by arranging for the transfer grippers to travel between dies only when shifting blanks, returning to the pick-up position by swinging up and over punches—ribs and slides have been eliminated, as the movement of both grippers and individual tool blocks are assembled. The maker says only two screws are removed to change a block, so that adjustment is simplified, and changeovers for new jobs reduced to a minimum. There are electronic in all five dies.

Details from the maker at Margarethenstrasse 87, CH-4[illegible] Basel, Switzerland.

هكذا من الأرشيف



# ...ilding and Civil Engineering

## ...mentation's £22m. M-ways

...AJOR motorway contracts worth approximately £22m. ... M.25 London Outer ...otorway in Kent and ...ining M.26 Wrotham ...orway, have been won ...ntation Construction. ... contracts include con... of 20 km of motorway ...m of additional side ... large interchange on Sevenoaks By-Pass and ...tructures such as over... ...nderbridges and an ...mately 3m. cubic metres of earthmoving will be required as well as some major works on large drainage and storage pipelines, settlement tanks and outfall works.

The contracts take Cementation back to familiar ground, for the company built the Sevenoaks By-Pass between 1964 and 1966 and the adjacent Tonbridge By-Pass was constructed by Willett Civil Engineering, now part of Cementation Construction.

The interchange is 3 km. north-west of Sevenoaks on the A21. Construction of four overbridges and one underpass, together with associated accommodation works is also required as is that of approximately 2.2 km. of dual carriageway and 4 km. of motorway link road, including 1m. cubic metres of earthmoving.

Large diameter drainage and storage pipelines, with associated settlement tanks and outfall works will be installed. Other works include piling and a large retaining wall.

The contract period allowed for the works is two years.

## £2½m. for better junction

IMPROVEMENT of the A1/A638 Redhouse junction has been awaited for some time. The £2½m. improvement contract has gone to A. F. Budge (Contractors) under an award by South London County Council.

This semi-spaghetti junction job demands, inter alia, grade separation between the A1 (M), A1 (T) and A638 (T).

Basically the improvement work demands the dualling of 1.2km of the existing carriageway on the A638 and the construction of 1.7km of new dual carriageway on the approaches to the bridge.

At least 200,000 cubic metres of import fill will be needed. This will be unburned colliery shale obtained free from the National Coal Board.

## ...ames dam work

...D by the Anglian ...thority for the con... ...nf part of the Thames ...enees in the districts ...n. Thurrock and Castle ...ey, a major contract ... to John Howard and ... al approximately ...it is scheduled for ...n 145 weeks. The ...s consulting engineers ...e and Partners.

...rks demand the con... ...ol barriers across ...eek at Fobbing Horse ...s western end of East... ...eek, the two barriers ...nected by an embank... ...a long topped by a 4m... ...ss road.

...Horse barrier will ...ingle 36m-wide gated ... opening between two reinforced concrete piers, connected by a sill below creek bed level and twin high-level gate support beams. Easthaven barrier will consist of a 46m-long reinforced concrete gated structure of three spans and an embankment 136m long, across saltings, between the concrete structure and Canvey Island, all supporting a roadway.

The contract also includes the supply and installation of seven steel flap gates, hydraulic winch systems powered by duplicated diesel/hydraulic pump sets. Ancillary works include access roads, fencing, lighting and river bed protection.

This is the fourth Thames contract to be carried out by Howards: the others, for flood defence schemes at Erith, Woolwich and Greenhithe, were valued at a total of £7.5m.

## Housing by Laing worth £2.7m

A CONTRACT to build a second phase of housing in Islington for the London Borough Council has been awarded to the North London Region of John Laing Construction and work has started on the £1.4m. development to build 91 flats and maisonettes, providing better homes for up to 260 people.

Bavaria Road, Stage 2, is in Kingsdown Road, Islington, and next in a larger first phase. It should be completed in 1979.

Meanwhile Laing Yorkshire Region, has a £1.3m. contract to build 133 homes for the Leeds City Council.

Work has started on a site which once contained back-to-back terraced houses (demolished several years ago) and is scheduled for a phased completion in 71 weeks.

The new dwellings will comprise 109 houses and 24 flats, all built to two storeys in terraces of varying sizes and specifically designed to face away from the busy Armley Road. Sound-proofing will be installed in dwellings adjacent to the main road.

## Reservoir to be opened

NEXT THURSDAY, Denis Howell, Minister of State, Department of the Environment, will open Thames Water Authority's Farmoor Reservoir Complex.

Stage II, which involved a second reservoir and ancillary building was recently completed at a cost of nearly £5m. The complex which draws water from the River Thames, was designed to meet the increasing demand in the Vales area Oxford, and also act as a reserve for augmentation to the River Thames during periods of low flow.

## ...gerian dumpers

...'s sales of dumpers ...n terrain forklifts in ...ver the past four years ...e from strength to ...with exports during ...ady topping the £1m.

A further order for £500,000 worth of Sambron rough terrain materials handling equipment has just been placed during a recent visit to the U.K. by directors of Afrotec, the Sambron main dealer in Nigeria.

## Services for four centres

MATTHEW HALL Mechanical Services has won contracts worth approximately £8m. for the installation of building engineering services in four commercial developments in London.

The first of these, at Euston Square, is for British Rail Property Board, in conjunction with Norwich Union Insurance Group and Pension Fund Securities, and involves extensive high and low rise commercial buildings.

At Charterhouse Street, services are to be installed in a new building which is expected to be tenanted by a group of companies known as the Central Selling Organisation, who purchase, sort, value and sell the great majority of all newly mined diamonds.

A further project is at Wine Office Court, E.C.4, for Trafalgar House Developments.

Matthew Hall is also providing mechanical, electrical and fire protection services to a new complex of offices, shops and flats in Carnaby Street, for Electricity Supply Nominees.

## Qatar sends mission

THE THIRD of the four inward missions to The Building Centre's 1977 programme will come from Qatar from September 26-30.

It will be organised and sponsored by The Building Centre Group and the British Overseas Trade Board, and will consist of an architect and one or two contractors and builders' merchants. The British Embassy in Doha will shortly be issuing invitations to the visitors.

The programme will be based on the usual pattern of Building Centre Inward Missions. Participants attend an informal conference on the Monday morning at which the visitors and other speakers will provide background information about the market in Qatar, the construction industry there etc. Each firm is allowed one hour during the main part of the Mission's programme for an exclusive meeting with the visitors and an informal reception is given later in the week.

Although Qatar has a population of only some 200,000 it has the highest per capita income of all OPEC countries. The Emir has adopted a prudent approach to development and has not rushed to spend surplus revenue on prestigious but unnecessary projects. He has used British architects to implement planning proposals and many needed schemes are still to be carried out.

Although being challenged by Japan, Britain is still the principal exporter to a value in 1976 of about £80m.

## Water costs reduced

HEATING and water treatment costs at the Knightstone Baths, Weston-super-Mare, will be cut by more than half as a result of a scheme put forward by the South Western Electricity Board and Avon County Council.

Heat in the air, given off by the swimming pools, swimmers and spectators, will be recirculated through a heat pump, and recovered to supply heat for the heating system, swimming pools and the showers.

A new water treatment system is being installed using ozone produced by an electrical process. This will prevent sore throats and stinging eyes which often occurs when using chlorine alone. The water will also be clearer than that treated with chlorine and be tasteless and odourless.

More from SWEB on 0272 26062.

## Facelift at Renfrew

A £1.7M. contract for new terminal building extensions and improvements at Glasgow airport has been awarded to Fairclough Construction Group. Work on the scheme has just started and is being carried out by Fairclough Building, Scottish Division, based at Paisley.

The 74-week contract for the British Airports Authority involves building a new concrete and steel framed extension to the terminal, alterations to enlarge the baggage handling, check-in desk and international departure lounge areas, construction of new lifts, staircases and offices, and work on restaurant, buffet and kitchen facilities as well as creating a new duty free shop.

Architects are Sir Basil Spence, Glover and Ferguson, Edinburgh.

## Europe's power plant

OF IMPORTANCE to builders and civil engineers throughout Europe is the prediction that £6,500m. will be spent in West Europe on new fossil-fuel power stations by 1985, according to a study by Frost and Sullivan.

Although fossil-fuel capacity will increase by 1985 and will account for over 55 per cent. of the electricity production of the 15 European countries reviewed, its share of the total power generated will decrease over the period by 11 per cent., the report says. Main causes are the fourfold growth in oil prices since 1973 and Europe's concern about the reliability of its fuel supplies.

Nuclear energy at 24 per cent. will have increased fourfold by 1985, as an alternative to expensive fossil fuels and limited hydro-electric resources whose share of electricity production will have declined from 28 to 21 per cent. despite a 35,000 MW increased capacity by 1985.

Europe's fossil-fuel power stations at present have a capacity of 248,000 MW and more than half are in Britain (28 per cent.) and Germany (26 per cent.).

Orders are predicted for an additional 62,000 MW capacity to 1985 with Britain and Germany taking half, despite stagnation in U.K. orders for many months.

Other major shares are expected to go to Italy (10 per cent.), Holland and Sweden (each 8 per cent.) and Denmark (6 per cent.). France, of the larger nations, is by far the smallest market because of its extensive nuclear programme.

More than half of the £6,500m. for Europe's new fossil-fuel power stations will be spent on structures and sites (15 per cent.), contracting fees (6 per cent.), contingency allowance (10 per cent.) and loan interest during construction (26 per cent.).

Physical plant components are forecast at 43 per cent and represent a £2,795m. market (excluding inflation) to 1985. Of the total, steam-generation systems (plant, fuel-handling, instrumentation and controls) will account for £1,040m. Turbine plant (turbogenerators, condensers, piping, valves and pumps) will amount to 1,430m. Electrical and miscellaneous equipment will total £325m.



## Insulation built in

FULLY PRE-INSULATED bricks and building blocks are a new solution to the difficult problem of providing building insulation, now recognised by a TDC award.

Generally available building blocks of 100m. thickness incorporated in a standard wall can provide an insulation U value of 1.24 W/per square metre and deg C. Where a hollow block is employed, the insulation property improves marginally, but does not allow current building regulations to be met.

The Beaconel treatment, however, which involves infilling with an insulant at the time of manufacture can achieve a U value of 0.83, and this with a low-cost concrete block. Where the more expensive lightweight aggregate class B blocks have cavities infilled, then better than 0.70 is achievable.

The idea of filling cavities in hollow building blocks and bricks has long been considered an ideal. Many attempts have been made by manufacturers to fill cavities with chopped-up insulating board, inserting fibre glass matting, also polystyrene and other plastics. None have been truly successful—labour costs are excessively high, and infill materials either pack down, shrink or can fall out completely. Additionally, essential insulation efficiencies have not been achieved.

Beaconel, a manufacturer of plastic foaming equipment, has worked on the problem for six years. In mid-course, the development team called for new foam formulations and these, with better production-oriented machinery, solved the problem.

Working closely with Salford University and with the assistance of the National Research Development Corporation, the company perfected a complete patented system.

The first Beaconel fully automated machine was bought by Ensor Sales (U.K.) of Sandbach, Cheshire, who since its purchase have been regularly producing 20,000 pre-insulated concrete building blocks a day. Other users include English China Clay, and Wyrecrete of Preston.

Beaconel on 061 737 5151.

## IN BRIEF

...ation Ground Engineer... ...en awarded a contract ...proximately £78,000 to ... grouting operations at ...ar Dam in Yorkshire ...akage has developed ...ne of the hills flanking ...uring partial impound... ...nt is the Yorkshire ...thority.

...ree-day seminar on ...and Grouting Tech... will be held at the ...nd Concrete Association ...ner Grange Conference ...ining Centre, near ...om January 11 to 13, ...s intended for consult... ...contractors' engineers, ...nl and local authority ... lecturers and others to increase their know... understanding of the ... and techniques used ...g.

...Howard and Company ...tractor for the Maid... ...r Ring Road, stage IIA ...has placed a sub... ...with Simon BBRV, a ...of Simonbuild, Stockport, for the supply of prestressing tendons on a new bridge over the River Medway at Maidstone. The deck and legs of the portal frame structure will be post-tensioned by means of 2,500 kN capacity BBRV tendons, each comprising 55 wires of 7 mm diameter, whilst the portal feet will be prestressed by means of 85-wire 3,700 kN tendons.

● Department of Transport has announced that the £2,432,948 tender of A. F. Budge (Contractors) has been accepted for the realignment and dualling of part of the A638 Trunk Road and the construction of a flyover to cross the Doncaster By-pass Motorway, A1 (M), south of the existing Redhouse Junction roundabout. Work will start soon and take two years to complete.

● Two home modernisation contracts together worth nearly £800,000 have been awarded by Greater London Council to Corrall Construction, part of the Powell Duffryn Group. The contracts will be completed in 36 weeks and cover the modernisation of flats at Kennington Park Estate and at Rockingham Estate, London S.E.1.

● In the latest round of contracts worth over £5¼m. let by the National Coal Board struts and tie rods for colliery arches, for the period September 1, 1977, to August 31, 1978, account for a total estimated value of £5¼m., awarded to Walton and Co (Wolverhampton), Longleys (Barnsley), Raine Engineering Products, Tool and Steel Products, GKN Sankey, Hayden Nilos Conflow, BSC Sections Product Unit, Handel Kilvert and Cirlemetric.

● Shepherd Construction has signed a contract with the Dornay Foods division of Mars for a design and build project worth approximately £1m. The development is a two storey production building with a floor area totalling 1,875 square metres including cold storage, and a 705 square metre single storey research and development and administration block, the two buildings being connected by a multi-purpose link unit. The highest hygienic standards have to be met.

● Nedlloyd of Rotterdam has received an order from the Ogem concern (Rotterdam), to transport around 800,000 tons of materials and equipment needed by Ogem for the construction of a complete town near Damotan in Saudi Arabia. This town will comprise 1,700 apartments in 32 tower blocks with shopping precincts and the relevant facilities. The building contract concluded with the Government of Saudi Arabia is worth 1,400m. florins.

● West's Piling and Construction Co. has been awarded a second £250,000 contract through its new Bahrain office, opened in May. This contract, piling for the Sheraton Hotel complex, calls for over 700 of West's patented Hardrive precast piles (standard size: 285 mm. x 285 mm.). Work has already begun on the site and is scheduled for completion in two months (including test loading).

● Shanks and McEwan (Wales) have been awarded a £1½m. contract by the Welsh National Water Development Authority for the construction of a river intake, raw water storage reservoir, a high-lift pumping station with site mains, earthworks etc. The site is adjacent to the Eastern Cleddau river at Canaston Bridge, near Narberth, Dyfed. Work is now starting and be completed in about two years.

HOME NEWS

# Brewers reply this week to price commission

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

BREWERS fear there might be a six-month beer price freeze without Mr. Roy Hattersley, Prices Secretary, taking formal action or obtaining an agreement from the industry.

This week the Brewers Society, which represents all but one of the U.K. brewing companies, will reply to the Price Commission report, published in July, which contained allegations of inefficiency in the industry.

The brewers were told unofficially that it could lead to trouble for companies seeking a beer price rise.

It was also suggested unofficially that Mr. Hattersley might use the next price application to refer the issue back to the Commission to look more closely at the question of efficiency.

It is not surprising therefore that there have been no price applications from the brewing industry since the end of July. There could be further delays while Mr. Hattersley's department considers the Brewers Society reply and other papers on the Commission's report, most of them criticising it. Uncertainty would leave brewers as reluctant as ever to approach the Commission.

The main brewers rushed through price increases before the Commission reported and could hold out until the New Year.

But there are indications that some smaller companies are becoming agitated because they urgently need to put up prices.

Mr. Alan Evans, of stockbrokers Panmure Gordon and Co, says in a circular to clients: "Discussions between brewers and the Department of Prices could well continue for most of the remainder of 1977 with no price increases taking place before the end of the year. This will effectively constitute a six-month price freeze without the department actually having to take a decision."

Mr. Evans says that brewers face substantial wage claims, citing Whitbread and Scottish and Newcastle Breweries as examples. They would need to raise prices 1.55 per cent. to offset a 10 per cent. wage increase and 3.1 per cent. to cope with a 20 per cent rise.

If the brewers were forced to absorb such wage increases it would reduce Scottish and Newcastle's pre-tax profit by 15 per cent. and Whitbread's by 19 per cent.

"At present there is no evidence that the new Price Commission would be so obdurate as to prevent the brewers from passing on genuine cost increases of this kind," Mr. Evans said.

# Sharp rise in spending on food

By Richard Mooney

HOUSEHOLD FOOD expenditure rose almost twice as fast as prices between the first and second quarters of this year.

Figures published by the Ministry of Agriculture to-day show that the average person consumed £5.15 worth of food a week in the April-June quarter, 3.1 per cent. more than in the first quarter.

In the same period food prices rose by 2.8 per cent. The Ministry says this implies a rise of 2.3 per cent. in the real value of food purchases.

Poultry (up 1.08 ounces to 6.5 ounces a week) and cooked ham played a large part in this rise, with seasonal displacement of old potatoes, root vegetables and canned soups by new potatoes, salad vegetables and ice cream.

But the second quarter rise has brought real food purchases only back to the level a year earlier. Average spending in April-June was 15.8 per cent. higher than in that period of 1976, almost exactly matching the 15.6 per cent. rise in prices.

# Tobacco substitute health studies in jeopardy

BY STUART ALEXANDER

LONG-TERM health studies on tobacco substitutes are being put in jeopardy by the low level of sales so far achieved.

When the tobacco manufacturers were given the go-ahead by the Health Committee to use the substitute earlier this year, one of the conditions was that they should carry out a long-term monitoring programme on users.

This would cost at least £1.5m at to-day's prices and when the industry agreed to undertake the tests, it thought that brands with substitutes would achieve an 8-10 per cent. market share in two or three years.

There is no question of the industry going back on those undertakings.

However, the launch of 12 brands on July 1 has been disappointing. The initial trial rate was far lower than expected, and the market share is thought now to have slipped below 2 per cent.

The worry about the effect this will have on the tests is felt both by the industry and the Department of Health and Social Security.

Dr. Frank Fairweather, chief scientific adviser in, and a member of, the Hunter Committee, said over the week-end that without a reasonable market share, the companies would not have the people to put into the study.

Substitutes should be given a fair chance, particularly in the long term. "If all this knocking puts substitutes off the market it will be a crying shame."

While it was the department's primary aim to see people stop smoking, it recognised that a hard core would still be left, and therefore wished to see smoking made safer.

His views were echoed by Sir Robert Hunter, the committee's chairman. He said that cigarettes with substitutes were promising and added that if there were no untoward effects, "this stuff will contribute to the whole strategy of safer smoking."

Both would like to see greater concentrations of substitute used than the 25 per cent. generally put into cigarettes now.

Only Gallaher, with a Silk Cut brand containing 40 per cent. substitute, has moved towards the sort of inclusion rate that the committee would like to see generally.

However, it is thought that more work will have to be done on the addition of flavour additives to substitutes before a more palatable product is available.

Both Sir Robert and Dr. Fairweather have also urged Imperial Tobacco, which uses NSM, and Celanese Corporation of America, which makes Cytrel, to publish the scientific data presented as evidence to the committee.

Meanwhile, it is expected that the committee will take another look at the scientific guidelines for any future submissions, particularly in the area of certain animal testing.

# Consumers 'should unite to influence Europe'

By Elinor Goodman

THE BRITISH consumer movement should unite to influence the policymakers in Europe, Mr. Michael Shanks, the new chairman of the Government-financed National Consumer Council said at the end of the Council's third annual congress at the week-end.

The council should pay more attention to the private sector and tackle some of the "more traditional consumer issues such as misleading advertising while continuing its pressure on the nationalised industries."

The congress—which covered such diverse issues as nuclear power, old-age pensions and education—had demonstrated both the obstacles and the opportunities for the consumer movement, he said. The Council must establish its priorities and concentrate its relatively limited resources on them.

These were: long-standing issues of consumer concern in the private sector such as misleading marketing practices; improving consumer representation in the nationalised industries; and Brussels.

"As a movement we have got to be more responsive to issues coming out of the European machine." The various consumer groups must work together rather than duplicate each other's efforts.

For the first time this year, delegates to the congress passed resolutions. Most of these concerned demands for increased consumer representation in the broadest sense. Virtually no mention was made of traditional consumer demands as covered by organisations like the Consumers Association.

# Retailers cut instant coffee profit margins

RETAILERS will cut their profits on three instant coffee lines from to-day to cushion the latest round of manufacturers' price increases.

Profit margins in most shops will be cut to 5 per cent. or 7 per cent in the case of smaller stores. Before to-day retailers were taking profits of 10 to 15 per cent. on coffee.

Mr. Roy Hattersley, the Prices Secretary, advised shoppers to look for the special lines marked "low margin." It would mark lines where profits had been cut. The scheme will last for six months.

SURVEY OF CONSUMER CONFIDENCE

# Optimism at a seven-year high

BY OUR CONSUMER AFFAIRS CORRESPONDENT

*PEOPLE ARE* feeling more confident about their financial prospects than at any time since the beginning of 1970.

This was revealed in the latest survey of consumer confidence carried out for the Financial Times by the British Market Research Bureau.

The figures also suggest that consumers are feeling less badly hit by inflation than they have for some months.

There is also evidence that people may be beginning to adopt a *slightly* more positive attitude towards spending on consumer durables.

But the proportion of people expecting unemployment to increase showed a further increase this month and the questionnaire showed almost half the respondents were now saving less money than a year ago.

This month's rise in confidence is reflected in the fact that just over a third of the sample thought things would get better while 20 per cent. said they would get worse.

In the 29 months to August, pessimists were in the majority in every month except one. For most of this year they have been outnumbering the optimists by at least 8 per cent.

The index of future confidence for all adults, monitored on a six-month average basis, is approaching a positive position with the pessimists in September outnumbering those who expected things to get better by only 3 per cent.

The six-month figure for professional men finally turned the corner this month to show a 7 per cent. balance of optimists.

North Sea oil remains the most popular reason for optimism. A further 10 per cent. said they were confident because they thought inflation was under control.

Strikes caused more concern among pessimists, and there was an increase in the number of manual workers who blamed their worries on the Government. Fears about *rising prices* declined slightly.

More people were expecting unemployment to get worse this month than last. Those predicting an increase outnumbered those expecting a fall by 22 per cent. in September, against ... per cent. in August.

As in previous months, it was those living in Scotland and the North East who took the gloomiest view.

This month's increase in the Past Prosperity Index, which measures whether people feel worse or better off compared with a year ago, is all the more surprising because of the big gap between the rate of increase in earnings and prices.

Just over 20 per cent. of the sample thought they were better off this September than they were last autumn.

With 47 per cent. saying they were worse off than a year ago, this left a balance of 28 per cent. who felt their incomes had not kept up with inflation. This is a much lower figure than in earlier months of the year.

Last month, for example, those who felt worse off outnumbered those who thought they were better off by 35 per cent. among adults.

For the past three months more men than women have said they were better off than they were a year ago. There was a marked increase this month among professional men.

Those feeling worse off outnumbered those who felt better off by only 18 per cent. among ABC1 men against a big 55 per cent. in May.

The proportion of respondents thinking it was a good time to buy consumer durables showed a big increase in September.

In August, those in favour of buying outweighed those who thought it a bad time by ... per cent. In September there was a balance of 21 per cent. who thought it a good time to buy.

This improvement has been seen against a sharp fall in attitudes last month. This month's 21 per cent. figure is very close to the average for the preceding six months.

Respondents this month were also asked about their savings. Only 13 per cent. claimed to be saving more, while 48 per cent. said they were saving less.

The age group with the highest proportion saving more was that of 15-34 years.

The research was carried out between September 8 and ..., interviews with 1,019 adults.

FT GROCERY PRICES INDEX

# Year on year rise cut to 11½%

BY OUR CONSUMER AFFAIRS CORRESPONDENT

THE COST of the Financial Times grocery basket edged up again this month after falling for two successive months. The index rose by 0.35 points to 256.81, just above the August level.

The increase however, was far smaller than that during the same period last year, when fresh food prices were being pushed up by the effect of the drought.

It means that the rise over the last 12 months has now been cut to 11.5 per cent. This compares with a year on year increase of 15.86 per cent. last month and of nearer 20 per cent. at the beginning of the year.

The total paid for fresh fruit and vegetables fell again this month. At £75 it is now more than a third less than in June.

Although there were some increases in prices of imported fruits this month and lettuce cost a little more than in August, the prices of most fresh vegetables monitored fell again. Cauliflowers were down by at least 2p a pound, while potatoes were generally about ½p cheaper.

The bills for flour-based products and canned foods also fell slightly this month as the result of promotional offers. As the shopping was carried out last Monday, when bread was still in short supply, checking bread prices was difficult, but there was no evidence that shops which had bread to sell had raised prices.

To-day, however, all the big bakers are raising their prices by ½p a standard loaf. This will probably lead to a bigger rise in the index next month.

The fall in the cost of fresh fruit and vegetables was more than offset by rises in other categories. The bill for dairy produce, which includes eggs, went up by another £2.14. The increases were spread across the board with eggs costing between 1p and 4p more than last month and butter up by at least 1p a pound in nearly all the shops covered. In one shop the price of butter was raised by 12p.

The bill for non-foods went up by almost 4 per cent. this month, with the two leading brands of detergents costing more in most shops.

The biggest increase, however, was in the meat section, where nearly everything was costing more. Leg of lamb was up by between 2p and 17p a pound, while pork chops cost between 2p and 14p more.

*The Financial Times Grocery Prices Index is copyright and should not be reproduced or used in any way without consent.*

FINANCIAL TIMES SHOPPING BASKET
SEPTEMBER 1977

| | September £ | August £ |
|---|---|---|
| Dairy produce | 140.90 | 138.76 |
| Sugar, tea, coffee, soft drinks | 88.33 | 86.58 |
| Bread, flour, cereals | 85.69 | 86.15 |
| Preserves and dry groceries | 29.11 | 28.51 |
| Sauces and pickles | 14.71 | 14.45 |
| Canned goods | 48.92 | 49.43 |
| Frozen foods | 40.95 | 41.13 |
| Meat, bacon, etc. (fresh) | 177.62 | 171.02 |
| Fruit and vegetables | 75.04 | 86.21 |
| Non-foods | 57.74 | 55.73 |
| Total | 759.01 | 757.97 |

INDEX: 256.81

1971: Feb. 100; Mar. 101.09; April 102.73; May 105.75; June 108.00; July 107.24; Aug. 105.40; Sept. 105.26; Oct. 104.35; Nov. 105.48; Dec. 108.26.

1972: Jan. 109.18; Feb. 109.10; Mar. 109.34; April 108.04; May 109.36; June 115.97; July 111.97; Aug. 113.40; Sept. 112.14; Oct. 113.15; Nov. 11: 114.8; Nov. 18: 114.49; Nov. 25: 114.72; Dec. 2: 114.72; Dec. 9: 114.75; Dec. 16: 115.77.

1973: Jan. 117.56; Feb. 119.25; Mar. 120.53; April 123.80; May 125.57; June 128.81; July 127.64; Aug. 126.59; Sept. 129.39; Oct. 133.83; Nov. 135.83; Dec. 138.26.

1974: Jan. 141.41; Feb. 141.52; Mar. 142.66; April 8: 143.23; April 29: 142.64; May 145.17; June 147.97; July 146.22; Aug. 145.25; Sept. 147.6; Oct. 150.5; Nov. 156.39; Dec. 159.15.

1975: Jan. 162.84; Feb. 167.77; Mar. 173.50; April 178.49; May 183.41; June 193.02; July 188.45; Aug. 189.23; Sept. 186.64; Oct. 189.79; Nov. 194.78; Dec. 201.90.

1976: Jan. 208.33; Feb. 211.81; Mar. 216.80; April 222.43; May 226.78; June 222.82; July 216.71; Aug. 221.34; Sept. 230.34; Oct. 237.28; Nov. 241.53; Dec. 244.82.

1977: Jan. 251.03; Feb. 253.96; Mar. 256.27; April 258.92; May 263.34; June 266.58; July 258.48; Aug. 256.46.

# Quarterly analysis of bank advances

to U.K. residents by banks in the U.K. at August 17, 1977; as Table 4 in *Bank of England Quarterly Bulletin.*

| £m. | | ADVANCES TO U.K. RESIDENTS Total | of which in sterling | of which in foreign currencies | FINANCIAL Total financial | of which in sterling | Hire-purchase finance houses | Property companies | Other |
|---|---|---|---|---|---|---|---|---|---|
| London clearing banks | 1977 May 18 | 14,873 | 13,511 | 1,363 | 1,927 | 1,625 | 106 | 845 | [illegible] |
| | Aug. 17 | 15,770 | 14,335 | 1,435 | 1,981 | 1,656 | 115 | 851 | [illegible] |
| Scottish clearing banks | 1977 May 18 | 2,003 | 1,708 | 298 | 222 | 138 | 29 | 62 | [illegible] |
| | Aug. 17 | 2,079 | 1,774 | 305 | 219 | 134 | 27 | 62 | [illegible] |
| Northern Ireland banks | 1977 May 18 | 451 | 449 | 2 | 23 | 21 | 2 | 17 | [illegible] |
| | Aug. 17 | 498 | 496 | 2 | 24 | 22 | 3 | 17 | [illegible] |
| All banks | 1977 May 18 | 35,971 | 25,082 | 10,889 | 6,883 | 4,358 | 573 | 2,734 | [illegible] |
| | Aug 17 | 37,626 | 26,340 | 11,086 | 7,101 | 4,472 | 589 | 2,689 | [illegible] |
| of which in sterling | 1977 May 18 | 25,082 | | | 4,388 | | 531 | 2,184 | [illegible] |
| | Aug. 17 | 26,340 | | | 4,473 | | 552 | 2,139 | [illegible] |
| Changes in sterling | 1977 Feb./May | + 128 | | | − 96 | | +18 | −54 | [illegible] |
| | M'y/Aug. | +1,458 | | | + 83 | | +22 | −45 | [illegible] |
| in foreign currencies adjusted for exchange rate effects‡ | 1977 Feb./May | + 677 | | | + 52 | | +17 | + 1 | [illegible] |
| | M'y/Aug. | + 310 | | | +160 | | − 7 | − 2 | [illegible] |

| | | MANUFACTURING Total manufacturing | of which in sterling | Food, drink and tobacco | Chemicals and allied industries | Metal manufacture | Electrical engineering | Other engineering and metal goods | Shipbuilding* | Vehicles | Textiles, leather and clothing |
|---|---|---|---|---|---|---|---|---|---|---|---|
| London clearing banks | 1977 May 18 | 3,871 | 3,638 | 605 | 400 | 200 | 270 | 781 | 322 | 199 | 432 |
| | Aug 17 | 4,278 | 4,043 | 669 | 431 | 221 | 332 | 868 | 317 | 239 | 438 |
| Scottish clearing banks | 1977 May 18 | 472 | 440 | 101 | 28 | 25 | 18 | 70 | 91 | 13 | 54 |
| | Aug. 17 | 495 | 460 | 99 | 29 | 22 | 31 | 78 | 100 | 15 | 55 |
| Northern Ireland banks† | 1977 May 18 | 93 | 93 | 22 | — | — | — | 31 | — | — | 21 |
| | Aug 17 | 106 | 106 | 24 | — | — | — | 33 | — | — | 24 |
| All banks | 1977 May 18 | 8,671 | 6,837 | 1,552 | 1,432 | 463 | 593 | 1,437 | 467 | 440 | 756 |
| | Aug 17 | 9,391 | 7,487 | 1,731 | 1,518 | 488 | 719 | 1,556 | 466 | 514 | 821 |
| of which in sterling | 1977 May 18 | 6,837 | | 1,118 | 978 | 423 | 482 | 1,219 | 423 | 272 | 655 |
| | Aug 17 | 7,487 | | 1,314 | 1,033 | 438 | 600 | 1,332 | 421 | 441 | 718 |
| Changes in sterling | 1977 Feb./May | −119 | | + 80 | − 2 | −33 | − 27 | −110 | +21 | −64 | +32 |
| | M'y/Aug. | +630 | | +126 | +57 | + 3 | +117 | +133 | − 2 | +69 | +57 |
| in foreign currencies adjusted for exchange rate effects‡ | 1977 Feb./May | + 56 | | + 33 | −47 | − 4 | + 28 | + 12 | − 3 | − 2 | + 8 |
| | M'y/Aug. | + 88 | | + 37 | +34 | − 1 | + 9 | − 11 | + 1 | + 6 | + 8 |

| | | OTHER PRODUCTION Total other production | of which in sterling | Agriculture, forestry and fishing | Mining and quarrying | Construction | PERSONAL Total personal | of which in sterling | House purchase |
|---|---|---|---|---|---|---|---|---|---|
| London clearing banks | 1977 May 18 | 1,986 | 1,968 | 895 | 153 | 967 | 2,983 | 2,880 | 991 |
| | Aug 17 | 2,152 | 2,128 | 1,026 | 120 | 1,003 | 3,091 | [illegible] | 1,047 |
| Scottish clearing banks | 1977 May 18 | 332 | 306 | 217 | 30 | 76 | 310 | 310 | 85 |
| | Aug. 17 | 359 | 330 | 233 | 49 | 77 | [illegible] | 327 | [illegible] |
| Northern Ireland banks | 1977 May 18 | 119 | 99 | 67 | 2 | 25 | 93 | 93 | 24 |
| | Aug. 17 | 110 | 110 | 72 | 3 | 33 | 106 | 106 | 28 |
| All banks | 1977 May 18 | 4,169 | 3,383 | 1,215 | [illegible] | 1,422 | 4,364 | 4,237 | 1,382 |
| | Aug. 17 | 4,389 | 3,398 | 1,318 | [illegible] | 1,556 | 4,627 | 4,684 | 1,348 |
| of which in sterling | 1977 May 18 | 3,383 | | [illegible] | [illegible] | [illegible] | [illegible] | | [illegible] |
| | Aug. 17 | 3,398 | | [illegible] | [illegible] | [illegible] | [illegible] | | [illegible] |
| Changes in sterling | 1977 Feb./May | + 54 | | + 70 | − 11 | + 5 | + 91 | | +10 |
| | M'y/Aug. | +193 | | +178 | − 2 | +20 | +227 | | +78 |
| in foreign currencies adjusted for exchange rate effects‡ | 1977 Feb./May | + 23 | | [illegible] | [illegible] | [illegible] | [illegible] | | [illegible] |
| | M'y/Aug. | + 41 | | [illegible] | +47 | + 1 | + 5 | | [illegible] |

| | | SERVICES Total services | of which in sterling | Transport and communication | Public utilities and national government | Local government | Retail distribution | Other distribution | Professional, scientific |
|---|---|---|---|---|---|---|---|---|---|
| London clearing banks | 1977 May 18 | 4,206 | 3,369 | 245 | 674 | 60 | 919 | 785 | [illegible] |
| | Aug. 17 | 4,266 | 3,421 | 250 | 682 | 58 | 900 | 790 | [illegible] |
| Scottish clearing banks | 1977 May 18 | 619 | 514 | [illegible] | [illegible] | [illegible] | 96 | [illegible] | [illegible] |
| | Aug. 17 | 629 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Northern Ireland banks† | 1977 May 18 | 141 | 141 | — | [illegible] | — | [illegible] | [illegible] | [illegible] |
| | Aug. 17 | 152 | 151 | — | [illegible] | — | [illegible] | [illegible] | [illegible] |
| All banks | 1977 May 18 | 11,985 | 6,317 | [illegible] | [illegible] | [illegible] | 1,693 | [illegible] | [illegible] |
| | Aug. 17 | 12,082 | 6,350 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| of which in sterling | 1977 May 18 | 6,217 | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| | Aug. 17 | 6,350 | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Changes in sterling | 1977 Feb./May | +188 | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| | M'y/Aug. | +233 | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| in foreign currencies adjusted for exchange rate effects‡ | 1977 Feb./May | +509 | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| | M'y/Aug. | + 34 | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

* Including lending under special schemes for domestic shipbuilding. † The analysis provided by Northern Ireland banks differs slightly from that of other banks. Chemicals and allied industries are included indistinguishably in "Other manufacturing". Metal manufacture, electrical engineering, shipbuilding and Vehicles in "Other engineering and metal goods"; and Transport and communications in "Public utilities and national government". ‡ The figures exclude as far as possible the effect of changes in exchange rates on the sterling value of advances in foreign currencies.

# Businessman's Diary

## U.K. TRADE FAIRS AND EXHIBITIONS

| Date | Title | Venue |
|---|---|---|
| Current | British Genius Exhibition (cl. Oct. 30) | Battersea Park, S.W.11 |
| To-day | U.S. Quality Control & Test Equipment Exbn. | U.S. Trade Center, W.1 |
| Oct. 2—5 | British Footwear Fair | Olympia |
| Oct. 2—5 | Petroleum Equipment Exhibition | Royal Garden Hotel, W.8 |
| Oct. 4—5 | ELA Engineering Exhibition | Watford |
| Oct. 10—15 | International Mining Exhibition | Nat. Exbn. Centre, B'ham. |
| Oct. 11—13 | Electronic Instrument Show | Bloomsbury Centre Htl., W.C.1 |
| Oct. 11—20 | International Business Show | Nat. Exbn. Centre, B'ham. |
| Oct. 21—22 | TRAFEX 77—Transport Exhibition | Leicester |
| Oct. 23—27 | Food Manufacture Exbn. & Conf. | Royal Lancaster Hotel, W.2 |
| Oct. 26—29 | British Fashion Fair | Nat. Exbn. Centre, B'ham. |
| Oct. 27—Nov. 2 | Int. Woodworking Industries Exbn. | Nat. Exbn. Centre, B'ham. |
| Oct. 30—Nov. 2 | International Garden & Leisure Exbn. | Nat. Exbn. Centre, B'ham. |
| Oct. 31—Nov. 4 | Int. Plant Engineering & Maintenance Exbn. | Nat. Exbn. Centre, B'ham. |

## OVERSEAS TRADE FAIRS AND EXHIBITIONS

| | | |
|---|---|---|
| Oct. 1—5 | Earthmoving, Construction and Forest Mach. Exbn. | Helsinki |
| Oct. 1—15 | Baghdad International Fair | Baghdad |
| Oct. 3—8 | Int. Materials Handling & Construction Mach. Ex. | Singapore |
| Oct. 7—16 | Equip—Auto '77 | Paris |
| Oct. 10—15 | International Maritime Exhibition | Rio de Janeiro |
| Oct. 11—13 | Chemical Shipping, Storage Exbn. and Conf. | Hamburg |
| Oct. 16—24 | Int. Hotel and Catering Equipment Exhibition | Paris |
| Oct. 17—21 | Int. Market of Sub-Contracting M.I.D.E.S.T. | Strasbourg |
| Oct. 20—24 | Helsinki International Technical Fair | Helsinki |
| Oct. 22—26 | Int. Ladies Ready-to-Wear Clothing Exbn. | Paris |
| Oct. 28—Nov. 9 | Tokyo Motor Show | Tokyo |

## BUSINESS AND MANAGEMENT CONFERENCES

| | | |
|---|---|---|
| Sept. 26 | C.B.I. & British Shippers' Council: EEC Customs Union—What's the Form? | Café Royal, W.1 |
| Sept. 28 | Executant: Product Liability | Russell Hotel, W.1 |
| Sept. 28—29 | Association of Certified Accountants: Profit Management | Kenilworth Hotel, W.C.1 |
| Sept. 28—29 | Arabian Marketing: Saudi Arabia & the Gulf States | Café Royal, W.1 |
| Sept. 29 | Interface: Financial Management & Accounting for Inflation | Coventry |
| Sept. 29 | Pallet Enterprises: Unit Load Equipment Developments | Wembley Conf. Centre |
| Sept. 29—30 | BACIE: Effective Presentation | 16, Park Crescent, W.1 |
| Sept. 29—Oct. 1 | Institute of Purchasing and Supply: The Contribution of Purchasing and Supply to Better Economic Performance | Maidenhead |
| Oct. 4—6 | British Computer Society: Datafair 77 "The End User" | Cunard Int. Hotel, W.6 |
| Oct. 5 | Economic Models: Economic Forecasts for Europe, U.S.A. and Japan | 30, Old Queen St., S.W.1 |
| Oct. 5 | Association of Surveyors in Civil Engineering: The Anatomy of Claims | Cambridge |
| Oct. 5—6 | European Study Conferences: Trade Union Recognition & Collective Bargaining | Kensington Palace Hotel, W.8 |
| Oct. 6—7 | Financial Times, The Banker, British Caledonian Airways, Investors Chronicle: Latin American Banking | Caracas |
| Oct. 7 | Oyez: Pay in 1978 | Royal Lancaster Hotel, W.2 |
| Oct. 11 | British Computer Society: Computers in Finance | Café Royal, W.1 |
| Oct. 12 | Henley Centre for Forecasting: Forecasts for Savings and the Stock Market to 1992 | Carlton Tower Hotel, S.W.1 |
| Oct. 12—13 | Institute of Marine Engineers: Safety at Sea | 76, Mark Lane, E.C.3 |
| Oct. 13 | European Study Conferences: Free Collective Bargaining | Royal Garden Hotel, W.8 |
| Oct. 13—14 | Brunel University Employing Graduates | Uxbridge |
| Oct. 16—17 | Financial Times, The Banker, Investors Chronicle, Gulf Air: Gulf Finance | Bahrain |
| Oct. 17—21 | Kepner-Tregoe: Decision Making for Senior Management | Bournemouth |
| Oct. 18 | Management Training Consultants: Successful Supervision Course | Rembrandt Hotel, S.W.7 |
| Oct. 19—20 | Society for Long Range Planning: Construction towards 2000 | Coventry |
| Oct. 20 | London Chamber of Commerce and Industry: Europe and Africa—Trends and Relationships | The Guildhall, E.C.2 |
| Oct. 20 | Middlesex Polytechnic: Workings of Institutions of the European Community | Commonwealth Hall, W.C.2 |
| Oct. 21—Nov. 3 | Coverdale: Practice of Management Principles | Brockenhurst |
| Oct. 24 | Building Advisory Service, Marketing and Tendering for Overseas Contracts | Cavendish Centre, W.1 |
| Oct. 26—27 | European Study Conferences: Int. Tax Planning for Companies operating overseas—Europe and the Middle East | Jersey |
| Oct. 27—28 | Institute of Personnel Management National Conference | Harrogate |
| Oct. 31—Nov. 1 | Financial Times, International Chamber of Commerce: European Business in World Development | Café Royal, W.1 |
| Oct. 31—Nov. 1 | Lloyds of London Press: Financing International Trade | Royal Lancaster Hotel, W.2 |

# LABOUR NEWS

## Teachers' executive attacks Taylor report on schools

BY OUR LABOUR STAFF

SERIOUS CONCERN about the educational implications of the Taylor Report on School Managers and Governors was expressed by the executive of the National Union of Teachers in London yesterday.

In a special statement, the executive opposed the system of control over the curriculum and the running of schools, and saw it as a complete contradiction to the views put forward by teachers and their union.

But it welcomed recommendations calling for governing bodies for individual schools, greater consultation with teachers and greater discretion over the use of finances at school level.

The NUT, the statement added, wanted governing bodies to comprise local education authority, teaching and parent representatives, but rejected the idea of a new committee setting the aims of schools, making major decisions on teaching method and being involved in time-tabling.

"The union accepts that it is proper for the governing body to be interested in the curriculum, to support the work of the school and to press for additional resources.

"A distinction must, however, be made between interest and responsibility. Responsibility for the curriculum must be given to the head teacher and staff because it is they who have the day-to-day responsibility of teaching the pupils, have a close understanding of their needs, and can assess their progress.

"Teaching experience and expertise are required when decisions about teaching methods and school organisation are to be made and implemented."

Mrs. Shirley Williams, Education Secretary, will be told this week by Britain's second largest teacher union, the National Association of Schoolmasters/Union of Women Teachers, that it is not "anti-parent" and wants to have an important role in school life.

It will put forward proposals which will give school governing bodies the statutory power to call on a local education authority to order a professional inquiry into the running of a school if it thinks things are going wrong.

● More than 1,500 teachers are prepared to renew industrial action if an arbitration report urging improved pupil-teacher ratios is ignored.

An independent panel of arbitrators has told Stockport Education Committee that extra money is needed to make real improvements.

The Stockport NUT is meeting this week to consider developments and draw up a battle plan.

## Professions 'threatened by closed shop laws'

By Our Labour Staff

MUCH OF the recent legislation on closed shops will do "irreparable damage" to the quality of professional services in Britain, a conference of professional engineers was told in Nottingham yesterday.

Giving a warning of the difficulties of upholding traditional professional standards of judgment in the face of Government legislation, Dr. John Havard, principal deputy secretary of the British Medical Association, said Government policies and legislation had made the introduction of trade unionism into the professions "a very real threat."

Addressing delegates at the annual conference of the U.K. Association of Professional Engineers, Dr. Havard pointed out that the respect given to the opinions of professional people largely arose from their position objective and independent of political and other extraneous influences.

This was among the chief reasons for the solid opposition of the medical profession to the closed shop. Unions did not permit their members freedom of expression and members could be threatened with expulsion if their views were not acceptable to a union executive.

Dr. Havard told the conference that it would be "unthinkable" for doctors who wanted to resign from the BMA on grounds of conscience ant being able to do so because they would be dismissed from their jobs and refused further employment in the NHS, which was almost a monopoly employer of doctors in the country.

Trade unionism had made contributions to the standards of living of industrial wage earners, Dr. Havard said. But he added that recent closed shop laws and interference with private practice would do irreparable damage to the quality of professional services.

## Mass meeting at Ford plant

SENIOR SHOP stewards in the body stamping plant at the £110m. Ford car factory at Halewood, Liverpool, are expected to call a mass meeting of 1,500 workers this morning.

They will review the situation following a walkout by 150 men from a key area on Friday. The men were protesting at the dismissal of a colleague.

The main shop floor declined on Friday to back the walkout.

Management said that if the body plant men did support the stoppage it could lead to lay-offs.

## Youth research group opposes jobs scheme

BY OUR LABOUR CORRESPONDENT

WIDESPREAD CHANGES in the organisation of the Manpower Services Commission's new co-ordinated programme to assist unemployed young people are being demanded by Youthaid, a youth unemployment research and pressure group.

The arrangements to replace existing schemes will come into force next year. Youthaid says in evidence to the Commission that the 21 area boards proposed to run the programme are too few, and will cover too wide an area. Some boards, it says, will involve up to 30 local authorities, 20 education authorities and cover geographical areas more than 120 miles across.

It adds that the Commission originally meant to ensure local control of the programme. This was welcomed by all who feared control imposed from above, "having seen at first hand the problems that distance and remote control have caused to the running of the Job Creation Programme, especially in making it effective in the areas of most acute need."

The remote structure being proposed, says Youthaid, is already "causing consternation" in some areas. An enormous diversity of employment structures and many local labour markets exist in the enlarged areas.

Boards should never cover more than one education authority, and be sufficiently local for business and trade union representatives to understand the problems of the labour market.

## Bahrain show

THE FIRST Middle East Materials Handling show and exhibition will take place at the new Bahrain exhibition centre on October 22-October 25, 1979 and not 1977 as stated in last week's Businessman's Diary.

APPOINTMENTS

## Two directorships for R. G. Duthie

Mr. R. G. Duthie chairman of Black and Edgington, has been appointed a director of BRITISH ASSETS TRUST and EDINBURGH AMERICAN ASSETS TRUST.

★

Mr. David Williams has been appointed company secretary of ATLANTIC INTERNATIONAL BANK.

★

Mr. Michael J. Clark has been appointed managing director of DIPLOMA (SUTTON-CLARK ASSOCIATES). He was formerly projects director of Herman Miller.

★

Rear-Admiral R. W. Halliday is to be promoted Vice-Admiral on March 31, 1978, and to be Deputy Chief of the Defence Staff (Intelligence) in January, 1978, in the acting rank of Vice-Admiral, in succession to Air Marshal Sir Richard Wakeford. Captain R. M. Burgoyne is to become Rear-Admiral on January 7, 1978, and to be Commander British Navy Staff Washington, Naval Attache Washington and U.K. National Liaison Representative to SACLANT, in November, 1977, in the acting rank of Rear-Admiral, in succession to Rear-Admiral R. W. Halliday.

★

Mr. J. G. Borge, deputy managing director of J. H. SANKEY, is to become managing director on April 1, 1978. Other directors who have been appointed to the Board are: Mr. T. R. Millichamp, marketing, Mr. D. B. Thompson, operations, and Mr. J. D. Webster, secretary.

★

Howard Machinery has made Mr. David G. Sears a director of HOWARD MACHINERY GROUP SERVICES, with responsibility for personnel in the U.K. companies.

★

Mr. A. D. C. Davis, managing director of F. J. WALLIS, has resigned with effect from October 1. His decision to resign was made for personal reasons.

★

Mr. C. W. Brocklebank has been appointed to the Board of CUMULUS INVESTMENT TRUST. Mr. Brocklebank is a director of the Discount House, Smith St. Aubyn and Co. (Holdings).

★

Sir Peter Thornton has been appointed a non-executive director of COURTAULDS from October 1. Dr. G. A. R. Hartley is retired from the Board.

★

Mr. Jack O'Malley has been appointed to the main Board of SCICON COMPUTER SERVICES, a BP company.

★

BRITISH TWIN DISC, the U.K. subsidiary of Twin Disc Incorporated of America, has made Dr. Frank A. Green managing director. Dr. Green succeeds Mr. P. A. Duke, previously managing director of Twin Disc International, Belgium, who is retiring.

★

Mr. Christopher Mack has been appointed managing director of WHELMAR, the principal operating company within Christian Salvesen (Properties). Mr. Mack is currently finance director of Christian Salvesen (Properties). For the past 18 months Mr. Baron has been managing director of Whelmar as well as direct charge of the properties division. Mr. L. Dillon has become managing director of Whelmar, and Mr. Don Fitzsimmons, who is presently managing director of Whelmar, becomes director of the Chester region.

★

Mr. Adrian Schofield has been appointed managing director of A. C. FARNELL and FARNELL AUDIO VISUAL in succession to Mr. Albert E. Long who has decided to devote more of his time to his responsibilities as chairman of Farnell Electronics. Mr. Long will retain his directorships in both A. C. Farnell and Farnell Audio Visual and Mr. Schofield's appointment will be effective as from October 1. Mr. George R. Hooley has resigned his position as sales director of Farnell to enable him to take up the dual franchise as managing director of Audiodecks. Also Mr. Barry Hall returns to A. C. Farnell as sales director while Mr. ... Lymbery has been appointed ... manager of Farnell Audio Visual. With the exception of Mr. Schofield's appointment, ... ing director of A. C. Farnell ... appointments will be effective from November 1.

★

Mr. Peter Haxby, director of training at the Road Transport Industry Training Board, is to join the Training Services Agency in January next year. He will succeed Mr. ... as deputy chief executive in charge of the Agency's Industry Division and will be chiefly responsible for its work with industrial Training Boards. Mr. Hayes, who is retiring from the Agency in January on reaching the age of 60, will be continuing work on his own account in the manpower field as a consultant.

★

Mr. G. W. H. Dawson and Mr. Peter Marriage have joined the Board of directors of ARTHUR BELL'S SOUPS.

★

Mr. M. K. Gathaway has been appointed managing director of SALEM ENGINEERING COMPANY.

★

Mr. John Kirby, a director of GILTSPUR SHIPPING, has been appointed chief executive of surface freight forwarding operations, covering the U.K. world-wide network.

★

Mr. Don Haxby has been elected president of the BRITISH VETERINARY ASSOCIATION for ...

★

The Secretary for Energy has authorised the appointment of Mr. W. J. Prior, a member of the Electricity Council, as a part-time member of the NATIONAL ... BOARD from October 1.

★

Mr. Bill Pybus, chairman of ... (formerly Amalgamated ... cite Holdings) and of Property Company, has been appointed director of the Outer ... Regional Board of NATIONAL WESTMINSTER BANK from October 1.

# WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

COMPANY MEETINGS—

BOARD MEETINGS—

DIVIDEND & INTEREST PAYMENTS—

Crane Fruehauf Db. 3½pc
Crosfield Food Ingredients Db. 3½pc
Crossfriars Tst. 2.03p
Crown House 7½pcPf. 2.625pc
Dares Estates Db. 3½pc
Davenports Brewery Db. 2pc
Debenhams Db. 3½pc. Ln. 3½pc. Ln. 5½pc
Debenture Corpn. Db. 1½pc
Decca 25pcPf. 4.375pc
Deeley (Sherry) Sons 6pcPf. 2.1pc
Devenish (J. A.) 5½pcPf. 1.925pc. Db. 2½pc

Imperial Continental Gas Lns. 3 and 3½pc
Imperial Foods Db. 3½pc
Imperial Metal Inds. Ln. 4½pc
Inchcape 8½pcPf. 2.975p. Lns. 2½ and 3½pc. Ln. 4½ and 5½pc
Industrial and Commercial Finance Corp. Db. 2½ and 2¾pc 1991-94
Industrial and General Tst. Dbs. 2½ and 2¾pc
Industrial Newspapers 6pcPf. 2.1p

United Gas Indusis. Ln. 4½pc. Do. Ln. 5½pc
United Glass Dbs. 3½ and 3¾pc
United States Debenture Corp. Ln. 2½pc
Vantona Group (Temp. Susp. 31/07/71) 4.9pcPf. 2.45p
W.G.I. Db. 3½pc
Wakefield 10½pcBds. Red. 5/4/78 5½pc
Walker and Rice (Walric Fabrics) 5½pcPf. 1.925p
Ward and Goldstone 7pcPf. 2.45p
Warner Estate Hldgs. Ln. 3½pc
Warner Holidays 6¼pcPf. 2.1875p. Db. 3½pc

Brent 12½pcBds. Red. 25.9.77 £6.6491
Castle Point 12½pcBds. Red. 25.9.77 £6.6491
Charter Cons. Ln. 3½pc
Chesterfield 12½pcBds. Red. 25.9.77 £6.6491
Crewe 12½pcBds. Red. 25.9.77 £6.6491
Ealing 12½pcBds. Red. 28.9.77 £6.6491
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## PERSONAL



## COMPANY ANNOUNCEMENTS

COLBURN FRENCH & KNEEN—Following the retirement of Mr G. E. French on the 31st August, the Partners are pleased to announce that he has taken up the position of consultant to the Partnership.

# The Executive's and Office World

EDITED BY CHRISTOPHER LORENZ

# Insure against the death of a salesman

BY ERIC SHORT

ONSIBLE company faits to insure nnt e cost of replacing quipment which may d, but also for the al loss of profits that ollows while the re- is being made and returns to normal. panies also ensure dependants of em- e ndequately pro- ncially should they isfortune to die or ally disabled. But ompanies ever stop the financial conse- the company should oyee be unfortunate lie or become totally Or if they do get hey do nothing to ist the consequences. , the organisation of ly should be so de- nat its financial emains unimpaired an event occur. In ersonalities can play nt part in determin- ofit levels. If that s, the business he with him, at least eplacement has re- it and this could time. One solution s to realign practice eory but failing that can be to effect insurance on key to cover a conse- s of profits. st problem here, to identify who the ees are, whose loss an immediate im- ofit. And, surpris- h, it is much more e the sales director ad of technical re- the managing direc- he situation could be al in a small com- in a large organisa-

man whose personal re responsible for business in a cer- ory; the technical ose innovative ideas responsible for a ew products or de- are the types of whose lives such ay well be needed; task is to decide on sum insured, which g the likely loss of can be quite diffi- ompany will readily realise that there would be a financial loss if a certain employee died, but they do not know how much. Insurance companies underwriting such a risk say that they do appreciate the problem and maintain that they will usually agree to a figure that is considered reasonable.

Since this type of Insurance is still the exception rather than the rule companies contemplating it would probably be best advised to seek a professional view. Some insurance broking firms have made key-man insurance a speciality and are thns able to offer advice on which employees are in key positions and what level of cover is required.

The type of cover provided is quite straightforward. The Phoenix Assurance, a company that has gone for this market in a big way, offers a convertible temporary assurance to cover the death risk and a separate permanent health contract to meet the disability risk. The mix depends on the client's requirements. Medical evidence would be required.

The period of life cover can be taken up to normal retirement age, but cover for such long periods is not usually necessary. Where the employee is under a service contract, the usual procedure is to take out a contract to the renewal date of that contract. Then if the contract is renewed a fresh policy is taken out. The Phoenix's temporary assurance policy is of the convertible type, so that it can be renewed without having a fresh medical examination.

Under normal circumstances, the premiums would be treated as a normal business expense and would be allowable against corporation tax liability. In this case, the money resultant from the claim would be treated as trading profits and taxed accordingly. Therefore, it can be arranged to have the sum insured paid over a certain period, in effect replacing the profits that would have been earned.

There can be tax problems where the key employee concerned is a controlling director. In such cases it is advisable to seek a ruling from the local inspector of taxes.

## Business courses

nents of Staff Ap- ve Hotel, London, 26-29. Fee: £196.56. 1 Course Administra- e of Personnel Man- entral House, Upper ce, London, W.C.1. nt Skills for Newly Managers, Churchill on, September 26-28. Details from AMR International, 6-10, Frederick Close, Stanhope Place, London, W.2.

Finding Tomorrow's Men and Women—The Identification of Management Potential, The London Hilton Hotel, October 3-4. Fee: £120. Details from Tha Inhncon Management Development Service, Knightsbridge House, 197, Knightsbridge, London, S.W.7.



EXECUTIVE HEALTH

BY DR. DAVID CARRICK

# Please cure me by return of post . . .


". . . I'm not supposed to laugh at something medical!"

THERE is a strange tradition about the multiples of twenty-five which excites the desire for wild celebration at the most, and mild comment at the least. Royal jubilees are splendid affairs; and even the achievement of half and full centuries by cricketers cause limited jubilation—so long, that is, as they are scored by members of the home team.

This all leads up to the world-shattering information that this article is the 100th in a series that started in August 1973 and, excepting for a slight hiccough when we were in the high nineties, one that has plodded on at the glacier-like rate of one per fortnight.

There were several reasons for writing these essays, the most important of which was to fulfil a quaint ambition of mine (and thoroughly shared by the invaluable IONICUS) to produce understandable and reasonably accurate medical information in a light vein. Believing that medicine does not belong in the funeral parlour, and that too many medical articles tend to be morbid and even frightening because that is the stuff news is made of and is not calculated to amuse, we have attempted to sweeten the pill and make it more palatable.

That this approach is not always understood was illustrated by a curious adventure that befell me at a party a couple of years ago. A solemn, sepulchral stranger who, by his dress and physiognomy, looked as though he might be a successful undertaker, introduced himself and announced that he read my articles. I replied that I was pleased to hear that *somebody* did, and the man said that he supposed so. Then, after a long pause, he added: "But, unfortunately, they have given me a problem."

Another free consultation, I thought, but was much surprised when he explained his painful difficulty. "The trouble is," he muttered, "just occasionally they make me want to laugh!"

Taking that at its more favourable interpretation, I asked what was wrong with such an emotion. He stared at me, as blithe as a bloodhound, and said: "But they're medical; surely I'm not supposed to laugh at something medical!" I told him to help himself and, if he had a friend, to pass on the good news to him as well.

Unexpected comments have also come in letters from readers over the years. By and large these have been very kind and sometimes have added greatly to my small store of knowledge. One delightful anecdote was occasioned by one of my articles on allergies. The writer has, he says, a "beloved mother-in-law" who is an octogenarian. For many years, it seems, she suffered from an acute form of hay-fever which never lasted more than a few days and, strangely enough, only occurred during exactly the same week every year. After decades of sneezing and weeping, which greatly marred her enjoyment of her wedding anniversaries, the cause was discovered: she was allergic to the pollen of lilies which had been included in her wedding bouquet and subsequently in each anniversary posy given by a loving husband. When roses were substituted, she never more sneezed at her anniversaries and all was peace and joy.

Not unnaturally, some letters have expressed criticism—usually on unexpected themes. One good lady accused me of being "anti-female," and sometimes I wish that were even remotely true. Several times it has been suggested that I have shares in products that I have named on very rare occasions: and again I wish that I could afford such luxuries. But I met unexpected censure as the result of an article in which, having praised the virtues of animals, I claimed that they were even innocent of pollution.

Now I was actually referring to smoke and fumes, but one most worthy man took me to task severely and furnished me with some fascinating and momentous statistics concerning the quantity of fluids and solids (in gallons and tons) wantonly discarded annually by the dogs of Britain. How these figures were obtained I do not know; but to be sure, to make a comparative study involving more secretive and less careless animals, such as cats, would excite amazement and admiration.

During that very hot summer, I greatly aggrieved a manufacturer of electric fans by saying something about them being useful for blowing hot air from one end of a room to the other, as well as hurling papers off one's desk. Air-conditioning was better, I claimed. But having obtained an engine for this purpose, I have modified my opinions. Oh, it is very efficient; cools the surgery beautifully; unfortunately one cannot talk to patients or others when it is knocking up its 82 decibels. So I have reverted to those splendid electric fans.

Mention of ventilation brings me to one of the most remarkable letters I have ever received. It came from a very hot part of the world, many, many miles away. It ran as follows:

"Respectable Sir.

Sometimes I read your pieces and find some of them alright (sic). Now you must help me with a problem. You see, I have disgraceful neighbours who have always enjoyed much annoying me. Now the last straws have fallen in the form of a large air-conditioning machine they have installed near my bedroom. It is very loud and as these wicked people have knowledge that always in the afternoons I sleep, they switch it on and murder my sleep. So, out of revenge, I have installed a *much bigger air-conditioning machine* which I run all night long.

Unfortunately, now I cannot sleep at all! Kindly solve my problem by return.

Yours respectably."

This was a puzzle but, as luck would have it, I had been much pestered of late by certain purveyors of sound-proofing materials. This I turned them on to him and vice versa . . . and heard no more from either party.

Anyway, letters from readers are of value in several ways, and I trust that, during the trail towards the second century, executives, their families and staff will continue to put me right when I err; purr when they approve; but, above all, put forward suggestions for topics of interest—so long as they are not too abstruse.

Dr. David Carrick, medical officer of the Financial Times

# The question of self-advertisement

BY H.A.N. BROCKMAN, ARCHITECTURE CORRESPONDENT

AT ITS July meeting the Council of the Royal Institute of British Architects voted to amend the clause in the Code of Professional Conduct which, in common with other major professions, forbids its members from individual advertisement. The Architects' Registration Council of the U.K., as the controlling body for all architects, was consequently asked by the RIBA to make a parallel amendment to its own code.

The figures for the crucial vote in the RIBA Council were highly unsatisfactory; there are 60 Council members, 20 of whom voted in favour, with 17 against and five abstentions. Such a fundamental relaxation of the Code should have merited a far greater turnout especially as the majority of regions and branches of the Institute had rejected the proposal.

The ARCUK, by law, controls activities of a number of architectural bodies of whom the RIBA is numerically the principal, and it is the ARCUK which will consider the matter at its meeting on October 12.

In the meantime objections have arisen from all over the country and a ballot organised by the newspaper Building Design has resulted in an 80 per cent. "no" from over 3,000 ballot papers received.

The Architects' Journal has also polled its readers — the result is not yet available—but it would be surprising if it differed much from that of Building Design's readers.

As tha result of angry correspondence, which included a few resignations, the RIBA Council, when it meets again on October 4, will be asked by the Policy Committee whether it wishes to reconsider the question. It is unlikely to vote to reverse the decision as such an action demands a two-thirds majority, but it is possible that it will request ARCUK to take no action for the time being.

## Benefit

It would seem that only the smaller practices could in any way benefit from self-advertising; the larger firms with sound connections are most unlikely to make any move in this direction. Certainly in London the only advertising which could be of any use would have to be in one or other of the national papers and would be very expensive and out of the reach of small firms. Provincial papers could prove more useful as practices out of London are mostly in more thinly populated areas. It would moreover help counter unfettered competition from "architectural consultants" who, while being prohibited from calling themselves architects, can nevertheless use the word "architectural."

But is it really desirable that such a move should be made at all? Those in favour feel it is more ethical to get work by knocking on a prospective client's door and explaining the services and skills an architect can offer, than by getting to know him by joining the golf club. Moreover, the architectural profession is closely bound up with the building industry and it is the only part of that industry which does not advertise, with the exception of other established professions such as consulting engineers.

One distinguished and influential member of the RIBA Council, Andrew Derbyshire, recently wrote in the Architects' Journal supporting the proposal. He argued that architects should change their concept of professionalism. If architects were to help meet the challenge of the future they had to accept new tasks, new ways of working, new responsibilities and new forms of accountability. If they did not, others less well qualified in skill, and less committed to a moral code, would have to take over, simply in order to deal with the staggering need. He added: "The self protective rules forbidding advertising . . . should now be relaxed in the interests of the consumer. We must make competition by performance more effective by giving architects freedom to communicate facts about their performance to potential clients."

In the same number of the A.J. Mr. Raymond Cecil, who is one of those who have resigned from the Institute on this issue, wrote that in his view the proposed revision of the code was in total conflict with responsible practice of architecture. The revised rule would permit not just advertising, it would also allow soliciting. The "design consultants" could not be contested on their own rather muddy ground, they would only be defeated by more professionalism, not less.

More recently comes the analytical view of Clem Shepherd. He is a member of the Institute running a public relations practice for architects as already permitted under the Code.

He is on rather weak ground, I think, when he goes back into history to point out there was nothing in the first Royal Charter of the RIBA which implied that architects should not advertise. The position could not have been remotely considered when architects were setting up alongside the lawyers and the doctors as organised professional practitioners. Nevertheless, advertising, as he wisely points out, has nothing to do with reputation; the important thing is the way the profession adjust to change. Remove one brick in the structure of professionalism, he writes, and others start moving; limited liability the fixed fee scale.

The Monopolies Commission which had discussed with the RIBA the matter of scale fees and months ago produced evidence in favour, is itself reporting "early next month," no precise date is available. It seems that both RIBA and ARCUK should watch their step before taking any precipitate action in the circumstances.

As a member of the profession I have long held the view that the alternative to this conflict, if there can be such a thing in view of the evidence now coming in, is for the Institute itself to advertise the functions and professional skills of architects as a whole and not leave it to individual members to shout their wares among the prevailing raucous clamour.

FINANCIAL TIMES
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Telegrams: Finantimo, London PS4. Telex: 886341/2, 883897
Telephone: 01-248 8000
Monday September 26 1977

# The value of conditions

IT IS as refreshing as it is rare to have an IMF meeting where the U.K's economic performance is singled out for commendation. Whereas last year Mr. Healey could not even attend the gathering because he was so busy dealing with an unexpected worsening of the sterling situation, this time he has something of a success story to tell. Not only has the U.K. observed the IMF conditions: but it now looks as if the remainder of the credit facilities will not be drawn and there could even be repayments ahead of schedule.

But before we engage in too much boasting, it is worth reminding ourselves that the IMF guidelines were by no means wholeheartedly welcomed by the British Cabinet, which adopted them mainly because it saw no alternative.

### Sterling

There has been a certain amount of criticism of the U.K. management of the sterling exchange rate. Fortunately for the Chancellor some of this criticism is self-cancelling. The U.S. Treasury is uneasy about the policy of holding down the pound and accumulating reserves. For this involves accumulating private balances in London contrary to the spirit, although not the letter, of the Basle arrangements. On the other hand the IMF staff have at times been concerned that sterling has not depreciated in line with the difference between British and international inflation rates.

The fact that the Government is criticised from two opposite directions—which is normal in domestic as well as international politics—does not mean that the criticisms can be ignored. At this week's Washington meeting, however, the debate is likely to be much more on the general state of the world economy than on the relations of particular countries with the Fund. There are no decisions to be made on IMF matters as such, although the World Bank is asking for an increase in capital to increase its leverage in international financial markets.

The real tensions are between those Governments which are mainly worried about unemployment and which still believe that a demand stimulus would help here, and those governments whose main concern is to avoid triggering off another round of inflation. As this argument has not been settled even in terms of abstract principle, it is most unlikely to be settled by the speeches of Finance Ministers. But it is worth making a distinction between a country which is simply pursuing domestic financial policies which others find too restrictive and one which is piling up surpluses in an unneighbourly way destructive of world trade. It is legitimate to ask a surplus country either to "reflate" or to allow its currency to appreciate freely, but hardly to do both.

Differing views on the inflation risks are reflected in the controversies about the next round of quota increases which the Interim Committee will have to propose in 1978. As the IMF Annual Report points out, Fund credit operations have changed their nature. The greater part of the increase in world reserves in recent years has come about through national borrowing on the private capital markets. The proceeds of these loans count as reserves if they are invested in short-term financial assets.

### Main role

The main role of IMF loans is as a safety net for countries which are nearing the end of their credit-worthiness and also as a certificate of good housekeeping for some of the borderline cases. But these changed circumstances make the question of conditions all the more important. It is no surprise that the Germans should want conditions to be imposed at an earlier stage than before in any use made of the new quotas, while some of the developing countries would like to see them waived for a considerable range.

The obvious compromise will be to carry on with existing procedures under which successive tranches become increasingly more difficult to obtain. But the principle of conditionality must remain. U.K. experience demonstrates that IMF loans do most good if fairly tight conditions are imposed.

# End of a nuclear chapter

THE WORK of the Nuclear Suppliers' Group in trying to limit the spread of nuclear weapons has been one of the most successful exercises in international diplomacy in recent years. It has shown that a number of the world's most powerful countries are capable of acting together when they identify a common aim, and of continuing to do so even when antagonisms break out in other areas. That applies not only to the United States and the Soviet Union, both of which have supported the Group throughout despite the ups and downs in their bilateral relations. It also applies to the U.S. and the countries of Western Europe, some of which have commercial rivalries in the nuclear field and which in the past have not always trusted each other's intentions. It is not often, for example, that one finds France playing such a quietly co-operative role in such sensitive matters.

### Impressive

Moreover, the exercise has been the more impressive in that it has not been accompanied by any grandiose statements of intent. The members of the Group have simply got on with their job while shunning publicity. Their work has been a model of what can be achieved by quiet diplomacy.

The tributes paid, however, it has to be said that the meeting in London last week represented only the end of a chapter. The test of whether nuclear proliferation has actually been checked will come in the future, and there remain some difficult decisions still to be taken. The meeting reached agreement on two broad issues: first, the guidelines designed to prevent the abuse of nuclear transfers from one country to another will shortly be published: and, second, membership of the Group will eventually be widened to include nuclear customers as well as suppliers and, if they so wish, those near-nuclear countries which could be both customers and suppliers and which have so far refused to sign the Non-Proliferation Treaty. Among the latter are Argentina, Brazil, India and Pakistan. They have also been most critical of the Suppliers' Group on the grounds that it amounted to a cartel. A large part of the test of the Group's work will lie in whether these countries can now be persuaded to join.

Yet even if some or all of these powers prefer to remain outside, it cannot be said that the Group will have lost its purpose. In the last resort, it is probably impossible to prevent any country from producing nuclear weapons if it is really determined to do so. But the task can be made more difficult and less attractive. The West Germans, for instance, would come under very heavy pressure to terminate their nuclear deal with Brazil, if it emerged that the Brazilians were abusing it: that would happen whether Brazil were a member of the Group or not. Such action might not prevent the country becoming a nuclear power, but it would at least slow down the process. It is also worth noting that if the Suppliers' Group had been in existence a few years ago, considerably more effort would have been made to prevent the Indian nuclear explosion. It might not have been stopped, but it would certainly have been delayed. Indeed it is very striking that it was the Indian explosion which was one of the main factors leading to the Group's establishment.

### South Africa

There remains one country, however, whose possible membership of the Group needs to be most carefully considered, and that is South Africa. The South Africans are one of the world's principal suppliers of natural uranium—the Australian potential lies more in the future. Outside the Group, they have the power seriously to undermine the Group's activities. Yet is it possible to ask South Africa to join and comply with the rules, while at the same time mounting an international campaign against that country because of its domestic policies? That is a highly political question, but it needs to be faced. The policies of trying to prevent nuclear proliferation and of trying to end apartheid cannot for ever be considered separately. It is here that a great deal of thinking remains to be done.

● RELUCTANT CONSUMERS AND STICKY EXPORT MARKETS ●

# Japan: the high flyer is stalled

By CHARLES SMITH, Far East Editor in Tokyo

JAPANESE economic aspirations for the fiscal year ending next March 31 and the attempt to soothe foreign critics have focused on two targets, both of which may never be hit.

The target for the real growth rate of Gross National Product, which the Government says can and will be achieved, but which businessmen and private economists regard with a lot of scepticism, is 6.7 per cent. And $6.5bn. is the level above which Japan hopes—and claims to believe—its international current account surplus will not rise during the fiscal year.

If there are doubts within Japan about the attainability of a 6.7 per cent. growth, there is something approaching incredulity both within the country and abroad that the surplus can be held down to $6.5bn. It has been running at an annual rate of $12bn. so far this year. The lowest figure the U.S. Government claims to have come up with during a recent computer study of Japanese payments prospects was $7.5bn. Scepticism extends not only to the numbers themselves: as Japan struggles to pull itself out of the longest and harshest recession it has experienced since the war, more and more people are asking whether official growth rates, and even balance of payments surpluses, really mean much any longer in terms of real and tangible prosperity.

Take the growth rate first. In fiscal 1976 Japan had a real growth rate of 5.8 per cent., one of the highest among major industrial countries, and almost precisely the target the Government had set at the beginning of the year. Since external payments were in embarrassing surplus throughout the year and since inflation was reduced—although not as fast as the Government had planned—the overall nr (to use a favourite Japanese jargon word) macro-economic performance would seem to have been highly satisfactory.

The record is less satisfactory if you look at the details. It then emerges that Japan relied overwhelmingly on exports throughout 1976 and into the spring of 1977 to obtain the growth it could not get from a stagnant domestic economy. Of the overall 5.8 per cent. growth rate in fiscal 1976 no less than 2.8 per cent. came from exports (1.7 per cent. if you deduct imports and invisibles to obtain a net figure for the current account surplus). By contrast 2.1 per cent. of the year's growth was contributed by private consumer demand, and an extremely modest 0.5 per cent. by private investment.

These ratios have to be set against the weight of the various items in GNP as such which is in stark contrast to their current or recent role as "engines" of Japanese growth. Consumer demand normally accounts for between 52 and 53 per cent. of the entire Japanese GNP and thus in a normal year should provide over half of the growth. Private investment in recent years has accounted for around 15 per cent. of GNP, but in nearly every pre-oil crisis recession it was the main force behind the initial stages of recovery. Exports, by contrast, are equivalent to around 12 per cent. of GNP in normal years (a low figure by European standards).

The contrast between booming exports and a stagnant domestic sector becomes more intelligible—and more alarming—if one studies other recent economic indicators. They show:

1. That most of Japanese industry is still operating only about 75 per cent. of its full capacity. (The figures are unofficial since the Government's published index only relates current levels of operation to 1970 as base year, but they come from impeccable sources.)

2. That the number of jobs on offer in Japan in recent months has been running at little more than half the number of applicants.

3. That industrial production is running at less than a percentage point above that of a year ago.

4. That bankruptcies are occurring at the rate of 1,500 cases per month.

Given that the average level of company profits is expected to show a decline during the current six-month period after two years of gradual recovery from the low point of autumn 1975, one can see that, whatever the GNP figures may say, the Japanese economy is not in the best of health.

## No simple cure

The diagnosis is a fairly simple one—though the cure may be anything but simple. It is that the country saddled itself (during the boom years leading up to the 1973 oil crisis) with excess capacity in a wide range of high energy, high raw material consuming industries which have vastly outgrown actual or potential domestic demand. Their managers can see no viable strategy for the future except to sell what they can abroad, economise at home, and wait for the far off day when markets—and a renewed availability of cheap and plentiful raw materials—once again make it possible to raise installed capacity.

Japan has about 140m. tons of steel making capacity but, according to some estimates, is currently using only about 65 per cent. of this amount. In the shipyards the gap is probably even greater. Major consumer electronic manufacturers are facing a declining domestic demand for TV and other more familiar household appliances. At the opposite end of the scale, Japan boasts a number of basic raw material processing industries such as aluminium, non-ferrous metals, and petrochemicals, which are being rapidly driven into chronic unprofitability by expensive raw materials and energy.

The Japanese aluminium industry, to take an extreme example, is overwhelmingly dependent on imported crude oil for its energy supplies whereas the American industry uses cheaper hydro-electricity. In common with some other basic industries, Japanese aluminium refiners may eventually have to transplant their operations lock, stock and barrel to regions with lower energy costs such as South America or South-East Asia.

The problems of private industry, ranging from the crisis-ridden basic sector to the barely profitable heavy industry sector explains why no-one is investing much in Japan these days. Highly geared capital structures and relatively modern equipment explain why Japan not only can but actually feels obliged to export devastating quantities of manufactured goods to the rest of the world. There is one other crucial factor in the equation: the propensity of Japanese consumers to save their money, in preparation for old age, education or sickness rather than to go all out for consumption as their opposite numbers still apparently do in the West.

Japanese consumers naturally do spend money—they are better equipped with television sets, washing machines, radios, and almost every conceivable electronic consumer durable than even the wealthiest Europeans. The diffusion rate of cars, while still well below the U.S. rate in relation to population, has reached what Europeans would regard as horrifying levels in relation to available road space. The problem thus is not so much that consumers refuse to buy, as that they have already bought lavishly and are now showing more interest in security than in further consumption. How to tempt them into a new spending spree is—or should be—one of the main objectives of future Japanese economic policy.

The seven-point economic package which was announced two weeks ago does contain provision for easing hire purchase terms on items like cars and home appliances. It also contains, as part of a series of measures to reduce interest rates, steps calculated to diminish the attractiveness of postal savings accounts, one of the main private savings vehicles in Japan. The package does not include a tax cut, apparently because the Government does not think that reducing taxes would have any very swift or decisive impact on the level of consumer spending. Instead it stresses cheap money for industry (with the discount rate reduced to its lowest post-war level of 4.25 per cent.) and additional spending by the Government on housing and public works.

The total value of the package is cited as "approximately Y2,000bn." (about £4.3bn.) or roughly the difference between the announced GNP growth target of 6.7 per cent. and the actual growth rate of somewhat under 6.0 per cent. which some economists at the Economic Planning Agency had come to regard as probable by the time the package was being prepared. The Y2,000bn. figure is freely admitted—even by EPA officials—to contain a large element of window dressing. About one-half of the Y.870bn. allocated for additional housing expenditure during the remainder of the fiscal year is expenditure which the government "hopes" will be induced in the private sector by an additional outlay of public housing finance.

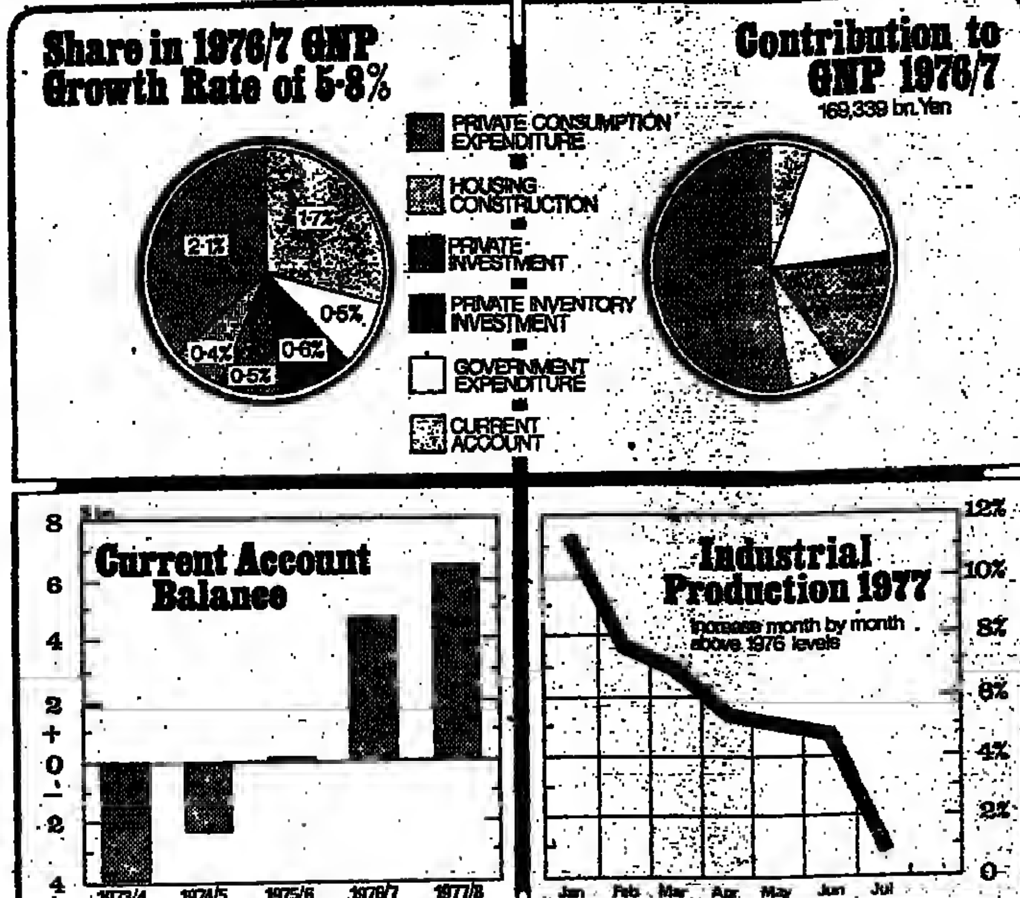
Some Y.150bn. worth of bonds intended to be issued by local governments for public works will only be issued if local authorities find difficulty in borrowing from banks which they would have been doing with or without the package. All in all, economists estimate the true value of the 7 point package in terms of additional government spending at around Y.1,000bn.—a pin prick compared with normal fiscal spending.

The Government's forecast for the rest of the 1976 fiscal
year is that the economy
just about be able to ac
the quarter-to-quarter
growth rate of 1.4 per
which will be needed to
the much publicised 6.7
cent. real growth for the
as a whole. Optimism is
on the fact that in the
quarter of the fiscal year (
April to June), the
actually achieved a 1.9 per
growth rate, over the pre
quarter. This, however,
largely due to an extr
heavy concentration durin
quarter of starts on public
projects (whose full
credited to the GNP when
begins). Public works
ing, which contributed
exceptional 0.9 per cent
April-June growth rate,
have to stay very high
the remainder of the
Indeed a good deal higher
seems likely despite the p
growth targets are
achieved.

Exports, the other ma
of recent economic growth
not be doing so much
economy during the rema
of the year as in the rece
because Japan has reac
stage in its relations wi
rest of the world when
uberant and uninhibited
booms have become poli
unacceptable. Ship
which did remarkably
during the first half of 197
falling off sharply. Japan
formally restraining its
exports to Europe and ma
be doing the same in the
Colour TV exports to the
are already subject to re
—and so the list of ob
goes on.

The relatively subdue
look for exports does not
that Japan is out of troc
far as its relations with it
overseas trade partners a
cerned. More can be ex
towards the end of the y
individual countries or i
(including the EEC) be
realise the full probable
of their 1977 deficits with
When this happens, Japa
find itself under pressu
again to revalue the ye
floating with apparent s
around a level of 267
dollar.

Yen revaluation has
in the past (including th
recent past) as a useful
soothing American anxiet
of demonstrating that
sincerely wishes to corr
trade imbalance. If t
strengthens more—say l
low 250s or even the 24
effect could be rather m
nounced. At that poin
major Japanese industrie
probably start to find thei
national competitive s
being severely eroded an
ability to export correspo
reduced. That might
Japan's competitors aro
world, but it would no
any, nearer the day
Japanese economic
really gets back on the r




# MEN AND MATTERS

## I'll resign . . . if it's true

IN the wake of the death of Steve Biko, one extraordinary journalist in South Africa has taken it upon himself to lead the demands for a full inquiry, and for the resignation of Jimmy Kruger, the Minister of Police.

That man is Donald Woods, editor of the East London Daily Dispatch, who has offered to resign as editor and never write again, if Kruger's version of Biko's death—that he died after a seven-day hunger strike, and that everything possible had been done for him—is proved right.

In return, Woods expects Kruger to be prepared to resign his own job if the official version is disproved.

Woods was already notorious in South African Government circles for his outspokenness against the policies of apartheid and race relations. And he has a lengthy track record of clashes with Government Ministers and prominent nationalist politicians.

He once received an out of court settlement against the then minister of transport Ben Schoeman and is currently involved in a libel action against Kruger himself. He has also won several cases against other nationalist politicians. One of his out of court settlements provided him with his grand piano on which this intensely vital, courageous and irreverent man composes concertos. His musical fame is such that he was once invited to compose the Transkei national anthem. He declined the invitation.

He has also been taken to court on several occasions on criminal charges, once for quoting a banned person, and earlier this year for refusing to disclose his sources in a case of malicious damage involving a security policeman. On the latter charge, he was sentenced to six months' jail but subsequently won the case on appeal.

In the case of Steve Biko, whom he described as his greatest friend and a frequent visitor at his house in spite of being subject to a banning order, Woods is shaping up as an implacable seeker after justice.

## Oh Denis, you are a card

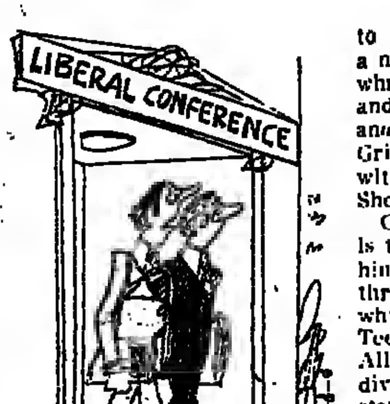
The Denis Healey walking, joking travelling road show—boosted by good reviews at the dress rehearsal in front of the Commonwealth in Barbados—took Washington by storm over the week-end.

Saturday began on the right note when the German-Dutch challenge to his appointment as chairman of the IMF's influential Interim Committee dissolved into thin air. The neat denouncement came when his opposition, Willem Duisenberg, the Dutch Finance Minister, gracefully proposed that Mr. Healey be selected by acclamation.

Then, according to the accounts of those present, he presided over the protracted Interim Committee deliberations with humour and flair, heading off skilfully last-minute attempts to insert into the communique items which had not previously been discussed.

He then had the final gratification at the evening Press conference of hearing Johannas Witteveen, the Fund's managing director, from whose lips indiscretions pass approximately once a generation, quietly give the Chancellor public approval for a British stimulatory package later this year, presumably in November.

All of which has meant that, inevitably, the crowded corridors of the IMF world bank meeting, lined with wall-to-wall economic gossips, have heard sotto voce whispers that maybe Healey will take over from Witteveen a year from now. Such speculation, however, tended to be tempered with the awareness that British political considerations would come first. Only if Healey found himself out of office and with the prospect of a grinding period in opposition might he entertain approaches.




"I don't like LIB-LAB but it sounds a lot better than LIB-CON!"

## Sheffield united

Sheffield, so long synonymous with steel, now rules supreme at British Steel following the top level management re-shuffle this week-end. It is aimed at injecting fresh energy in the fight to stem the rising tide of imports and to attack export markets.

Gordon Sambrook, the man who has replaced former diplomat and IRC man David Waterstone as top marketing man, is a Yorkshireman who made his way up the hard way and rose to become general manager of a mill at Rotherham. The man who replaces him as personnel and management chief is another Yorkshireman, David Grieves, who formerly worked with the special steels unit in Sheffield.

Chief executive Bob Scholey is the archetypal Sheffield man himself, having risen to the top through the United Steels group while Derek Saul who runs the Teesside division and Peter Allen, in charge of the Welsh division, also hail from the same stamping ground.

Waterstone himself has been moved sideways to head BSC chemicals and expand the North Sea related business. But if the Sheffield "mafia," who now dominate the tight knit executive committee, don't inject a new note of dynamism into the ailing group sooo, the whole Board, from Sir Charles Villiers down, are under no illusions that next time round it will probably be a clean sweep, not just a re-shuffle, which is demanded.

## Marx on his head

A witticism at the expense of the Kremlin is currently delighting the intelligentsia of Eastern Europe. It highlights the Soviet anxiety about the spread of Eurocommunism. A distinguished British academic tells me he first heard the joke from a Czechoslovak government minister, who reminded his guest of the opening sentence of the Communist Manifesto: "A spectre is haunting Europe, the spectre of communism." That was written, of course, in 1848 by Marx and Engels.

"But to-day," said the minister, "it is the other way round. A spectre is haunting Communism — the spectre of Europe."

**Observer**

# FINANCIAL TIMES SURVEY

Monday, September 26 1977

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# Arab Cooperation and Development

...thony McDermott

**The Arab world is strained by divisions as it faces the difficult option posed by the U.S. peace initiative. But underlying factors working towards unity are stronger, and being expressed in many forms of cooperation.**

...RAINS on unity which ...b countries are now ...ng contrast with the ...c, euphoria and sense ...dinated purpose gen... ...y the October war of ... Israel.

...l evidence of this, it is ...ssary to look further ... meeting of Arab ... held in Cairo earlier ...h, ostensibly to prepare ...amme for the new ... of the UN General ... Besides repeating the ...al Arab requirements ...ettlement, the most ...ous proposal was to ... Israel's decision to ... settlements on the ...ank (something the ...tates has already de... ...o be illegal several ...

...mportantly, there was ...d and sometimes noisy ...ent between Egypt ... over the approach to ...uld be the issue to ...m most—opposition to ...ria called for the UN ...d Israel's membership, ...cked by Saudi Arabia ...risingly, Iraq retorted ...approach failed to dis... ...what is possible from ...iot." And this is how ...position has been pre... ...w to President Carter. ...nately transpires from ... U.S.-initiated attempt ...gotiations going into ...sraeli conflict over the ... months is likely to ...ep effect on the atti... ... longevity of several ...rnments.

...is a far cry from the ...at summit of October ...c, in the wake of the ...ains of the 1973 war, ... showed greater public ...n for many years. ...s were passed virtually handing over the negotiations for Jordan's West Bank after Israel's withdrawal to the Palestine Liberation Organisation (PLO). In the euphoria the Arab countries gave themselves the impression (and others who wanted to use or abuse the illusion) that something decreed was a triumphal fact.

Since then, both the immediate issues, the political environment, and the negotiating tactics have been turned upside down. Dr. Henry Kissinger, the former U.S. Secretary of State, must be credited with having opened up the process of negotiations. He has shown that Arab-Israeli co-operation in some arm's-length form is possible by negotiating two Israeli withdrawals across Sinai and one on the Golan Heights. This helped to install the U.S. as the paramount superpower in the Middle East, leaving the Soviet Union with firm friends only in Iraq, Libya and South Yemen—and among the "frontline states" a questioning, uncertain ally in Syria. Moreover, whereas leadership of the Arab world, often a misleading concept, had nearly always been accorded to Cairo, with occasional residency in Syria, it can now be argued strongly that the most influential Arab country to-day is Saudi Arabia because of its oil wealth, financial muscle and close links with the U.S.

The underlying pan-Arab tensions brought about by the second Egyptian-Israeli disengagement agreement in Sinai—with the implied step by Egypt towards acceptance of the Israeli entity in the Middle East—broke, with appallingly bloody consequences, in the Lebanon and led to 18 months of fighting which somewhat crudely has been portrayed as a conflict between the Christians on the Right and the Moslems on the Left upholding the cause of the Palestinian Resistance.

## Costly

In terms of human life it was one of the costliest civil wars of the century. Syria intervened with skilful cynicism—first making sure that the Left did not triumph, then ensuring the survival of the Right and latterly supporting the Palestinian presence in the south. In the process it at once became a villain in Palestinian hagiography, not least by allowing the Right-wing forces to take the camp of Tel el Zaatar after a 50-day siege. The outcome is that the Palestine Liberation Organisation—for so long a sacred cause for all Arabs—is now more weakened than ever.

Peace in Lebanon finally came at the last Arab summit held in Cairo in October, 1976, where a theme vital to the understanding of Arab politics emerged again — the ability of Arabs after abrasively abusing each other to patch up reconciliation and to compromise. It was agreed that Syria would drop its criticism of the second Sinai agreement, while Egypt would go along with the formation of an Arab League force, almost entirely made up of Syrian troops to patrol the peace in Lebanon.

During this period—in spite of overall differences—two groupings covering the western and eastern flank of Israel have developed. Jordan and Syria formed a Supreme Command Council in August, 1975 (thereby helping to formalise steps towards a national "Greater Syria" which would include Lebanon and the West Bank as well). Egypt and Syria formed a unified command in December, 1976, which Sudan joined in February. Syria is the vital connecting link, but behind the scenes Saudi Arabia, through its enormous wealth and religious influence, is asserting its weight.

The emergence of the hard-line Likud regime in Israel under Mr. Menahem Begin—in its own way as religiously fundamentalist and intractable as Saudi Arabia—should have closed Arab ranks, but differences are all too apparent. Admittedly, assessment of Arab disunity depends on how seriously one takes the protestations of this family of nations, which is so diverse despite a common language and the predominance of Islam within it, about al-'Urouba, or the concept of Arabism. The fact is that there are currently three fratricidal disputes which could lead to local wars between members.

In the case of Egypt and Libya, it already has in the form of the brief outbreak of fighting and even more bitter recriminations in June. The conflict between Cairo and Tripoli is far from over. Secondly, there is the tension between Algeria and Morocco over the former Spanish colony of Western Sahara. This has been uneasily divided between Morocco and Mauretania, against which the Polisario guerilla movement, supported by Algeria, is carrying out a persistent campaign. This conflict too, always carries the possibility of direct conflict between Algeria and Morocco. Thirdly, the rival Baathist regimes of Iraq and Syria have for many years been at odds, which have been sharpened by explosions in their main cities, usually attributed by one side to the machinations of agents of the other.

In spite of these divisions, there are fundamental ties which bind the Arab world, often defined only with difficulty but which transcend the obvious ethnic, physical, dialectical, religious and social differences in 20-odd states. The collective feeling which is expressed well by the term al-'Urouba, has been heightened by the massive increase in Arab wealth, particularly since 1973, and the resulting increase in influence. The world outside the Middle East has become increasingly aware of this consciousness through the sheer presence of Arabs abroad and investments of Arab governments and individuals.

A vital element of al-'Urouba is Islam (which inevitably poses problems for the considerable number of non-Islamic communities in the Arab world). An additional important link is language, which despite the dialects and colloquial variations, provides through the classical Arabic of the Koran, and its tarnished versions in newspapers, films, and, above all, broadcasts, the most identifiable lowest common denominator as to who to-day is an Arab. These influences are in their own ways far more constant and pervasive than the chronic and localised symptoms of instability which have been induced not the least during the last three decades by the artificial borders imposed by colonial powers, by the often uncritical adoption of European-type concepts of the nation state and the focus of the world's greater powers on the area and its components because of oil and strategic geography.

One superficial indicator of unity is the greater degree of stability of individual countries. In the past few years there have been fewer military coups. For example, in Egypt, President Sadat succeeded constitutionally on Nasser's death. In both Syria and Iraq—regarded as chronically unstable—there has been no change in the head of state for some years. To some extent, this reflects the fact that Arab heads of state, as in many other regions, have become professionals in staying in power. The tools are familiar:—tame news media; limited exercises in party politics; and tough security and armed forces. But Arab oil-wealth has been a useful addition to a government's armoury.

## Investments

Thus, massive investments have been made, especially in the countries of the Arabian Peninsula, in educational and social services, so that governments should not be accused of neglecting their subjects. Furthermore, there has developed within the Arab world an increasingly intricate network of channels for economic assistance, ranging from direct aid to "frontline states" to project aid provided by the admirable Kuwait Fund for Arab Economic Development and its pan-Arab and national imitators. The Arabs now co-operate on a multitude of schemes from creating an arms industry to agricultural operations. They have set up organisations such as the Arab Monetary Fund to co-operate on monetary issues, and others to expand direct bilateral investment. In this way, the Arab countries could set up foundations of much greater stability and unity which should outlast hostility towards Israel—when, and if, a settlement is found.

Below the superstructure of co-operations lurk several potential strains and contradictions. One comes as a result of increased education and greater opportunities for travel. For the less privileged in the oil-rich states of the Arabian peninsula the glimpses of how other countries run their affairs and how ordinary people behave or misbehave, together with higher educational standards, will inevitably lead to a more critical questioning of the way their own governments, dominated either by ruling monarchical families or by "party-backed" leaders, run their affairs.

So far, the reaction has been to reinforce the fundamental values of Islam as a bastion against change. Such has been the financial dependence of other countries on the oil-rich that there has been a resurgence of tradition elsewhere. One example of this pervasive influence is Egypt, a notably cosmopolitan society with a sizeable Coptic community but deeply dependent on Saudi aid towards paying off its debts. Last year a law prohibiting the sale and consumption of alcohol in non-tourist areas was adopted (but not widely enforced).

This year a law of Islamic punishments was drafted by a committee of Moslem religious leaders and legal scholars at the request of the more conservative Moslem members of the People's Assembly. After protests by the Coptic community, those proposals (legal at least in theory in Libya and the United Arab Emirates) were shelved but they included the cutting off of the right hands of thieves, the stoning to death of adulterers and sodomites, the banging of apostates, and the flogging of those producing, selling or drinking alcohol.

This reversion to puritan, basic principles can be seen as a reaction to the revolutionary trends which dominated the Arab world from 1956 up until the time of President Nasser's death in 1970. In his own peculiar way Colonel Gaddafy has tried to evolve a political ideology—his "third international" theory—which combines Islamic creed in an absolutist form and socialism while also at the same time identifying the population with his own dictatorship. Libya has been called Jomahiriya a

CONTINUED ON PAGE XII

# Evolution of the Arab League

THE ARAB LEAGUE, like many disparate multi-national organisations, has often been painted as being both weak and irrelevant. That it often seems so is almost inevitable for an organisation which was created with the United Nations very much in mind. Indeed it just came first. The principles of the League of Arab States, known as the Alexandria Protocol, were signed October 14, 1944. Egypt, Saudi Arabia, Iraq, Syria, Lebanon, Yemen, and Transjordan signed the League officially into existence on March 22, 1945, but the UN Charter was not signed until June 25, 1945. The Arab League has had one major advantage over the UN in that, as divided as the Arabs may appear to be at any one time, the range of its interests are inevitably not as broad. Moreover, they are of a common language and race.

In spite of the League's inherent weaknesses, it is a fact that, during the 32 years of its existence, it has been most effective when the Arab world has been under stress, divided and without one paramount leader. In such circumstances there is a tendency for the Arab League to fulfil, essentially by default, a sort of unifying role. The corollary occurred during Nasser's heyday when the League was largely ignored or had its importance reduced to that of a bit player.

The Arab preparations for the current session of the UN General Assembly demonstrate the League's limitations even at a time when there is no Nasser to put it in the shade. Earlier this month, the League's Foreign Ministers met in Cairo ostensibly to draw up a united strategy for debates on the Arab-Israeli conflict. A common position was reached in protest against Israeli settlements on the West Bank (which even the U.S. has publicly declared as illegal repeatedly), but otherwise the definition of an Arab position on the conflict was hampered by disagreements, sometimes noisily vocal, between Egypt and Syria.

Yet sometimes the fiction of unity is undoubtedly useful. The Arab peace-keeping force in Lebanon is a case in point. No state would pretend that the force is anything in fact other than cover for Syrian troops although there are units from Saudi Arabia, Sudan, Libya, the United Arab Emirates, and the two Yemens. A credible and cynical assertion would be that Syria had been successful in obtaining Arab League blessing for the furtherance of its regional ambitions. But one day, Syria will have to face the reality of this fiction and choose either to withdraw its troops from Lebanon completely or to drop the fiction of the Arab League's cover and to indicate that it intends to remain as an overt, occupying force. However, the main point is that the Arab League has played a significant role — with the permission also of Kuwait, Saudi Arabia, and Egypt — in ending the Arab world's bloodiest internal conflict in modern times.

## Impotent

Generally, however, the Arab League has been impotent in dealing with both the Arab-Israeli conflict and inter-Arab disputes. It has, for instance, had no effect on the three running this year: between Egypt and Libya, which burst into open war in July, between Algeria and Morocco over Western Sahara, and the continuing Ba'athist infighting between Syria and Iraq.

If the Arab League's political role in the Arab world is flawed, there is no doubt that its role in promoting relations with blocs has been more successful. This is evident in the protracted dealings with the EEC, and with Africa. The most dramatic reflections of the latter was the Afro-Arab summit in Cairo in March.

However, since the growth of wealth derived from the increase in oil prices after the 1973 Arab-Israeli war, Mr. Mahmoud Riad, the Secretary-General has been giving increasing attention to the development of the organisation's numerous economic agencies. Indeed, this policy decision may well be — in spite of member states' predilection for bilateral relations — a better tactical decision in terms of building up Arab unity than politically-based directives.

The Arab League consists of 22 members. Its most recent four members have all in their own ways been controversial now that the obviously Arab countries have been accepted. Mauretania (admitted in December, 1973), Somalia (February, 1974), and Djibouti (admitted earlier this month) all caused some heart-searching about the extent to which these states were truly Arab. In the end, the desire to extend Arab political influence, particularly along the Red Sea through Somalia and Djibouti, triumphed over these doubts. It is an irony that the PLO was only admitted as a full member in September last year when, as a result of the Lebanese civil war and Syrian pressure, it was in its most weakened political condition for years. In July, the Comoro Islands, lying off Mozambique in the Indian Ocean applied to join the Arab League. In the future, it is possible that Mali or Chad could put forward their applications.

The Arab League is pyramid-shaped like most organisations of its kind. Its central organisation is the Council, which meets in March and September of each year. Attached to the Council are 16 committees covering politics, culture, economics, communications, social affairs, law, oil, information, health and human rights. Below that layer come the organisations for carrying out the decisions of the Council. One of the most important of these is the Joint Defence Council headed by the Egyptian Chief of Staff, General Mohammed Ali Fahmi. But also attached to the League are a myriad of pan-Arab agencies of which the most important are the Arab Educational, Cultural, and Scientific Organisation, the Arab Fund for Economic and Social Development, the Arab States Broadcasting Union, the Arab Telecommunications Union, the Arab Economic Unity Council (itself the father to numerous organisations such as the Arab Monetary Fund and other financial organisations), and the International Arab Organisation for Social Defence against Crime. Indeed, the League tries to provide committees and organisations to co-ordinate every facet of life in the Arab countries.

The Arab League has had only three secretary-generals during its existence: Abdel-Rahman Azzam (1945-52), Abdel-Khaliq Hassouna (1952-1972), and Mahmoud Riyad. Each in their own way was well suited to cope with leading the League at the particular time in Arab history in which they were in power.

Azzam, a long standing Arab nationalist of impeccable credentials, had the authority which none of his successors could have had. While there were only seven members, his authority was often considered to be higher than that of the Prime Ministers of individual states. He had been deeply involved in the establishment of the Arab League, which he saw as a vehicle for Arab nationalism.

With Hassouna's appointment charismatic leadership was replaced by patient statesmanship. Hassouna has frequently been accused of having been too involved in the minutiae of the daily running of the organisation, and of staying in office too long. But the fact remains that he did much to raise the standard and intellectual calibre of officials in the League.

In many ways, Hassouna was fortunate in succeeding Azzam a few months after Nasser's overthrow of the Egyptian monarchy, for it meant that he could not be swept away too on the pretext of being an official, albeit of a pan-Arab rather than Egyptian organisation, tainted by direct associationship with the monarchy. Furthermore, Hassouna had the chance to run the League without interference while Nasser made up his mind as to what his attitude towards it should be.

Nasser meanwhile discovered Arab nationalism, and after the Suez campaign of 1956 emerged as a pan-Arab figure, unchallenged in modern Arab history. Inevitably, he saw the Arab League as some sort of alternative focus of Arab nationalism, and as a result he tended to treat the Arab League either as an anachronism (he even threatened to withdraw after the break-up of the United Arab Republic with Syria in 1961), or as an instrument to be used for his own and Egypt's ends. It was during this period that both Tunisia and Iraq temporarily withdrew from the League, side-effects of Nasser's uncompromising approach towards Arab nationalism. Nevertheless, Nasser must be credited with having boosted the Arab League's standing by entrusting the responsibility for convening Arab summits, the first of which was held in January 1964.

It was during Hassouna's time that a fundamental weakness of the League became apparent. Article 7 of the Pact states that "Unanimous decisions of the Council shall be binding upon all member states of the League; *majority decisions shall be binding upon those states which have accepted them.*" This means in effect that any state which felt like it could behave exactly as it wanted. Nevertheless it was to Hassouna's credit that he was able, as a result of his low-profile diplomatic training, to keep the Arab League intact. He even undertook the notable initiative of accepting Kuwait's independence in 1961, and forming a truly Arab force to fend off Iraq's claims to that state. In addition, it was during Hassouna's period in office that the proliferation and establishment of specialised agencies took place. The first Arab League offices were opened abroad, and the first diplomatic contacts with Europe and Africa and Asia developed.

## Prestige

Since Nasser's death, the prestige and role of the Arab League has increased. To some extent this reflects the fact that President Sadat needs it, and in return he ensures that when Council meetings are held Egypt's representation — unlike in the past—is at a senior level. In these circumstances, Mahmoud Riyad has been able to be a more active Secretary-General than his predecessor. Initially, after some eight years as Nasser's Foreign Minister, it took him some time to come to terms with the League — and this was sensed by his staff. But now that Riyad associates himself closely with the League — a sentiment now returned by those who work for him — he has been able to adapt usefully the Arab League's role to current circumstances. There have been some excesses of optimism. At the 1974 Rabat Arab summit, it was resolved to make these gatherings under Arab League sponsorship an annual event. The divisive effects of the Lebanese civil war put paid to that hope.

Mr. Riyad has been successful in enlarging the role of the League as a political and economic negotiator on behalf of the Arab States as a whole. This can be seen in the dialogues with Europe and the apparently successful conference held in Cairo in March to co-ordinate aid with African States. As for Mr. Riyad's aims, according to Arab League officials, they are concentrated on four main points.

The first is to develop further the League as an agency for Arab economic development. (There are obvious limits to this in that several formidable agencies have been developed individual States, and or whole most States pref operate bilaterally). Sec Riyad is seeking to r clause 7 in the Pact com with unanimity in such as to make majority decis hopefully — binding. T Riyad seeks to make Aral mits, sponsored by the League, an annual Fourthly, he wants the I to be fully recognised and widely represented in all national and regional org tions. The majority of aspirations may seem tious and unattainable, b remarkable fact remains the Arab League is the oldest continuously e inter-governmental organ after the Organisation of can States. And this is area which has undergo devisive effects of de-co tion after the Second War, four Arab-Israeli internecine feuds, and t pansion of the League seven to 22 members.

**Anthony McDer**

# OAPEC aims at greater coordination

AFTER nearly a decade of existence the Organisation of Arab Petroleum Exporting Countries has already proved itself to be one of the most effective vehicles for Arab co-operation in furthering the common interest of the ten producing states which make up its membership. It could also be said to be serving the interest of the oil producing world at large. That is wholly appropriate because the Arab world's strength derives largely from petroleum resources.

For the consumer, OAPEC may be mainly identified with the cutbacks in oil production implemented in the early days of the October War of 1973 and the embargo on supplies to the U.S. which was not lifted until the *following* spring. True, the crucial decisions were taken at an extraordinary meeting of oil ministers of OAPEC members. However, the session was not in the statutory framework of OAPEC and the Arab summit held in Algiers took responsibility for deployment of the oil weapon.

Essentially, however, the aims of OAPEC are the promotion of co-operation among members "in the various phases of the oil industries activities" (to quote the second article of its constitution) and to maximise the return from members' hydrocarbon assets. Its purpose has been expressed in the form of four major joint ventures and continuing consultation under its aegis that fit well into the wider pattern of pan-Arab collaboration.

OAPEC's ten members constitute a powerful group. Last year they produced at the rate of 19.4m. barrels a day or the equivalent of 33 per cent. of "free world" production, but a very much higher proportion—about two-thirds—of exports and about half the world's proven reserves.

From its foundation OAPEC has never aimed at duplicating the work of OPEC or encroaching upon its basic aim of maintaining and improving the real value of petroleum earnings. But it has taken care to co-ordinate its policies with it. However, although Arab oil ministers may have taken the opportunity afforded by OAPEC meetings to exchange views on basic pricing issues, in practice they have found themselves in different camps at crucial conferences of OPEC. Meanwhile, OAPEC has evolved in a way that was not envisaged by the founder members — Saudi Arabia, Kuwait and Libya—early in 1968.

The concern of these three conservative producers (the Libyan revolution did not take place until September 1969) was to establish a consultative body that would allow them, rather than a radical majority of Arab League states, to take decisions regarding their vital asset. In the previous summer at the outbreak of the June War Saudi Arabia, Libya and Iraq had halted oil shipments completely for a fortnight. Differences subsequently arose between Saudi Arabia and Iraq over the selective embargo the latter insisted upon maintaining against the U.S., the U.K., West Germany, South Africa and Rhodesia. Not until Saudi Arabia, Kuwait and Libya had agreed at the Khartoum summit to contribute $348m. annually in grant aid, which was then a significant sum in the countries concerned at that point, to the confrontation states, was the go-ahead given for a resumption of exports in full.

The statutes of what was initially a restricted and conservative club laid down that only states for which oil was "the main and basic" source of income should be considered as candidates. Moreover, they gave each of the members the right to veto an application. However, with the overthrow of the monarchy in Libya in 1969 and the emergence of Colonel Gaddafy's regime, OAPEC underwent *a transformation*. The result was, if anything, to depoliticise the organisation—the part subsequently played by the oil ministers in deploying the oil weapon could be seen as that of a technical committee acting on behalf of the Arab League.

In May membership was broadened to include not only traditionalist Abu Dhabi, Dubai, Bahrain and Qatar but also, at Libya's insistence, radical Algeria as well. Iraq, Egypt and Syria were admitted in March 1972. Having pulled out shortly afterwards because of the decision to locate the OAPEC drydock in Bahrain, Dubai is now represented, technically at any rate, by the UAE.

## Ventures

First of the OPEC joint ventures to become operational was the Arab Maritime Petroleum Transportation Corporation which took institutional shape in May 1972 when all the members with the exception of Egypt and Syria formed the company with an authorised capital of $500m to be shared equally by the others. The creation of AMPTC was a collective fulfilment of the Arab oil producers' aspiration to carry as much as possible of their own oil in their own vessels. Kuwait had long previously started to build up its own fleet. Algeria, Iraq, and Libya were in the process of developing their own.

AMPTC's fleet now numbers eight vessels, totalling over 2m dwt, flying the flags of different members states. Also on order are two large gas carriers being constructed in France by Chantier de l'Atlantique for delivery in 1978 and 1979. However, whilst member states have been busily building up their national capacity and giving varying degrees of preference it has by no means been plain sailing for AMPTC.

AMPTC has not, of course, been alone in suffering operating losses. Faced by them, however, the management has called for more effective support from shareholding governments. One proposal is for preferential bunker prices. Also demanded is agreement that a minimum of 10 per cent. of Arab exports should be carried in Arab-owned vessels. Mr. Abdel-Rahman Sultan, managing-director of the Kuwait-based concern, has suggested that the major oil companies have discriminated against AMPTC. He has also pointed out that his company has to bear the cost of a training programme.

At the last ministerial council meeting of OAPEC government *representatives refused to grant* any flag preference and were only prepared to concede that national tankers should be given priority when their terms were comparable with those of others. But it was decided in principle that shareholders would compensate for operating losses — *with the most likely method* being to increase the amount of AMPTC's capital by the amount of the deficits incurred.

Next month will see the Arabian Shipbuilding and Repair Yard in Bahrain receive its first tanker for servicing only 18 months after work started on the project, although the formal opening is not expected until December. The company was established at the end of 1973 by Saudi Arabia, Kuwait, the UAE, Bahrain, *Qatar, Libya* and *Iraq*. *As a* firm concept it even predates AMPTC having been originally proposed back in 1968 by Sheikh Ahmed Zaki Yamani, Saudi Minister of Oil, not long after the formation of OAPEC. It took *no* less than six years before the details were agreed upon and Hyundai, the South Korean company, was awarded the contract for construction.

One major reason for the delay was the long and unsuccessful search for an equity partner able to furnish the necessary design expertise and provide management for the project. Finally ASRY secured the services of Lisnave, the Portuguese ship repairer, as consultants under a service contract.

The authorised capital of ASRY has undergone several increases up to the most recent last month which brought it to $340m. The original cost estimate of $100m compared with the $145m. value of the contract signed in 1974 for the first phase including the main dry dock which will be able to accommodate tankers of up to 500,000 dwt.

Despite the well-planned labour training programme and the vigorous efforts over the past two years of the affiliated Arabian Shipbuilding and Repair Yard Marketing Services, it appears that for an indefinite period it will experience losses. Yet, Saudi Arabia—anxious about Bahrain's economic viability and the maintenance of full employment there—will be prepared to carry the losses. But at least in terms of profit, it looks a better bet than the rival Dubai project for which technical and management expertise has yet to be secured. It is unlikely to be operational for a year or so, giving ASRY a head start.

With its statutes having been ratified in the autumn of 1974 the Arab Petroleum Investment Company started its operations from headquarters in Dammam towards the end of the following year with an authorised capital of SR3.6bn (£1.02m.), of which one-third has so far been paid up. The objective of APIC is to assist in the financing of projects in member countries, other Arab states and non-Arab places where OAPEC has interests. In its first year of activity it began in a relatively modest way by participating in loan issues denominated in Saudi riyals and Kuwaiti dinars for the Compagnie Nationale Algerienne de Navigation, Turkiye Petrolleri AO, SAMIR of Morocco and the Suez Mediterranean oil pipeline. However, taking on an altogether new *dimension this summer* it decided to participate as manager, underwriter and major lender in note issues worth $300-400m. for the Qatar General Petroleum Corporation, $100-$150m. for CNAN and $100m. for the Jordanian Government for the financing of v *hydrocarbon-related* ind and shipping ventures.

Most recent of OAPEC ations is the Arab Pet Services Company whic *formally established* in at the beginning of thi with an authorised cap 100m. Libyan dinars ($ of which LD15m. has so fa subscribed. It is, in ef holding company under t brella of which will be oped various services con for the petroleum in

Disappointingly for is a long-standing ject for an Arab Pet Training Institute to sp in producing instructin petroleum and other ind throughout the Arab w *still hanging fire. Havin* endorsed by the ministe November, they decid their last meeting in Ma it should be indefinitely poned. It is now to be sidered in the conte OAPEC's five-year progr which is being formulate factor appears to have l dispute over the location.

Nevertheless, OAPEC up a collective determina invest in experience as v assets. It is already in various aspects of oil technology such as proteins. The organisatio made itself felt at variou Arab meetings such as th Arab Conference on M Resources at Rabat in A this year. OAPEC organ highly successful oil semi Tokyo last year. It is orga a major Arab Energy C ence which will take pl Abu Dhabi early in 197 ready it is developing something of a "think- *for the Arab oil produc* they weigh up the v options for diversifying economies and making th use of their valuable, but ing, asset.

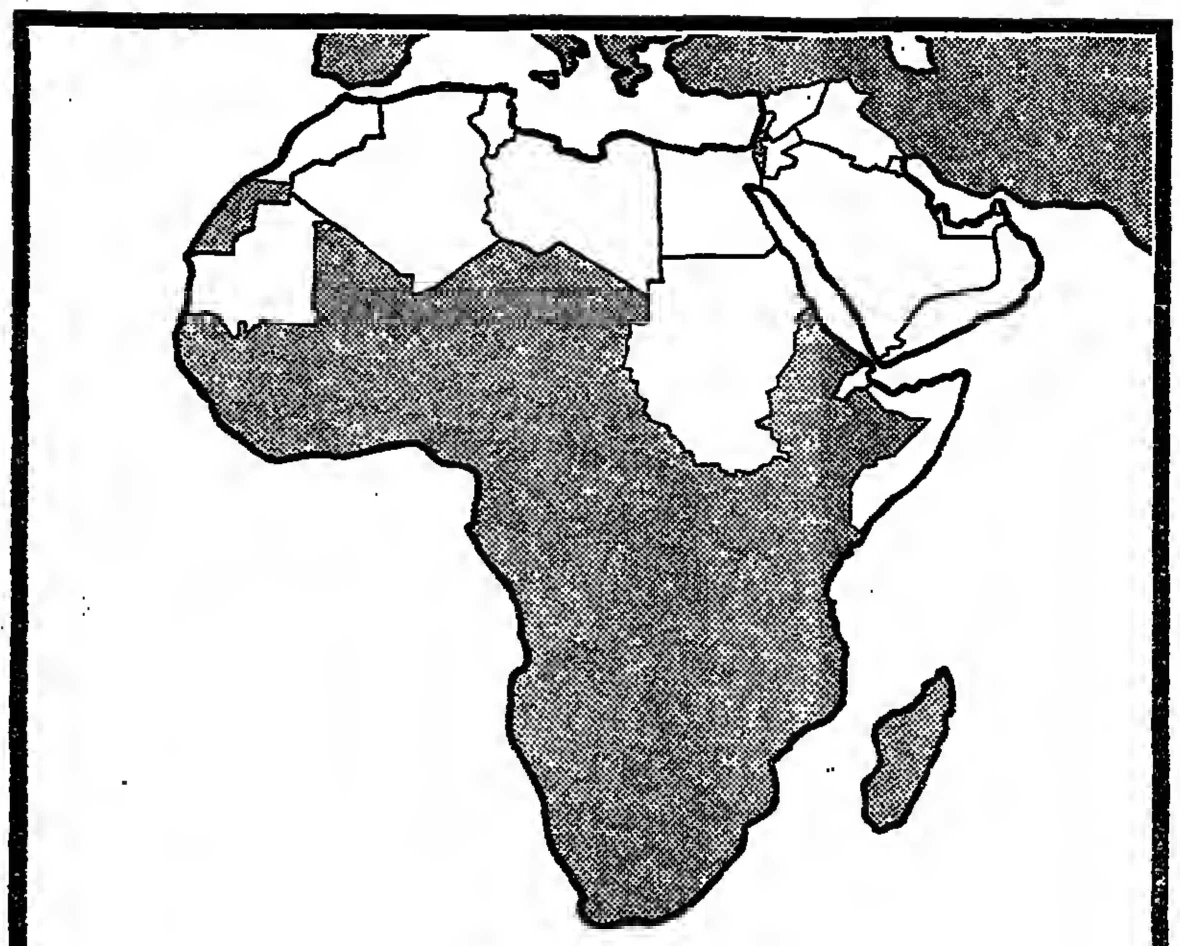
## Portfolio

Governing OAPEC is a cil of Ministers who hol oil portfolio or its equi for each of the member and have two ordinary c ences annually. Under th the Executive Committee up of senior officials who vise the executions of th lutions of the ministerial ings and also submit resol at more frequent int Continuity is given b General-Secretary heade *Dr. Ali Attiga, a Libyan* was appointed Acting Ge Secretary four years ago. interview earlier this year the Middle East Economi vey, he suggested that Secretariat's primary should be the generatio ideas and analysis—a which is shared apparent many associated with O. in the member states.

In the future actual sp ship, as well as operatio new projects might be l the four established ven be added. The Secretariat then concentrate on four areas—data collection, res studies and analysis; co-o tion of practical policies, cularly in the fields of ref and petrochemicals; prom of manpower development training; and the identific of opportunities for join vestment to be implemente the established companies.

**Richard Jo**

# THE ARAB LEAGUE



The Members are: Algeria, Bahrein, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, P.L.O., Qatar, Saudia Arabia, Somalia, Sudan, Syria, Tunisia, United Arab Emirates, Yemen Arab Republic, Yemen People's Democratic Republic.

**The League of Arab States is an association designed to strengthen and consolidate the ties which bind all Arab countries and to direct them towards the welfare of the Arab world, to improve its conditions, ensure its future, and realise its hopes and aspirations.**

**The Council of the Arab League**, the Arab League's supreme organ, consists of 22 members, including the Palestine Liberation Organisation and the newest member, Djibouti, which joined the League of Arab States after gaining independence this year.

**The Members are:** Algeria, Bahrein, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, P.L.O., Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, United Arab Emirates, Yemen Arab Republic, Yemen People's Democratic Republic.

**The League of Arab States** has ten permanent committees for political, cultural, economic, social, military, legal affairs, information, health, communications and Arab human rights. The secretariat of the League of Arab States has departments of economic, political, legal, cultural, social and labour affairs, as well as for petroleum, finance, Palestine, health, information, secretariat, communications and protocol.

In 1957 the Economic Council approved a convention for Arab Economic Unity and in 1964 the Council of Arab Economic Unity was set up. The aims of the Council include removal of internal tariffs, establishing common external tariffs, freedom of movement of labour and capital and adoption of common economic policies.

**The Charter of Arab Cultural Unity** aims to promote the ideals of Arab Cultural Unity, particularly by establishing specialised Institutes propagating Arab ideals and preparing research workers specialising in Arab civilisation. ALESCO, the Arab League Educational, Cultural and Scientific Organisation, held its first session in Cairo in 1970.

**The Organisation includes:** Arab Regional Literacy Organisation, Institute of Arab Research and Studies, Institute of Arab Manuscripts, Permanent Bureaux for Co-ordination of Arabisation in the Arab World, Museum of Arab Culture, Arab States Industrial Development Centre.

Other specialised Institutions include the Arab States Broadcasting Union, Arab Financial Institution for Economic Development, Arab Postal Union, Arab Telecommunications Union, Arab Labour Organisation, Arab Organisation for Standardisation and Metrology (ASMO), Arab Air Carriers' Organisation (AACO), Arab Cities Organisation, Arab Organisation for Administrative Sciences, Arab Centre for Dry Region and Territories Studies, Arab Fund for Economic and Social Development, Arab Academy for Maritime Transport, Arab Maritime Transport Company.

Special bureaux established include the Office for the Boycott of Israel, and International Arab Organisation for Social Defences. The latter specialises in criminal matters and comprises the International Arab Bureau for Narcotics, The International Arab Bureau for the Prevention of Crime and the International Arab Bureau of Criminal Police.

The League of Arab States asserts its desire for a just peace in the region.

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# Arab Monetary Fund

THE ARAB Monetary Fund (AMF) is unlikely to be able to consider its first loan applications before the latter part of 1978, but already there are signs that a conflict of interest may develop among the 21 members (including the Palestine Liberation Organisation) over its mode of operations.

The main short-term objective of the AMF is to finance the balance-of-payments deficits of member-states. The poorer Arab states see the fund as a softer version of the IMF: the richer ones as a direct copy of the Washington institution with the difference that it is both controlled by and serves Arabs.

A convention setting up the fund was signed in Rabat, Morocco, on April 28, 1976. A permanent working executive was established at a meeting of the 21 members in April this year in Abu Dhabi, where the AMF is headquartered. The fund's capital has been set at 250m. Arab dinars (about $870m.), 25 per cent. of it paid up. One Arab dinar is equivalent to three of the IMF's special drawing rights (SDR1=$1.16).

## Operational

The AMF managing director, former Iraqi minister of planning Dr. Jawad Hashim, began his job in May, and the fund is just becoming operational. Hashim is determined to make the AMF a major financial institution within a year. UAE finance minister Shaikh Hamdan bin Rashed al-Maktoum is the fund's chairman.

*The poorer Arab states are* clearly hoping that they will be able to obtain loans from the AMF for financing their deficits without taking the full dose of economic medicine which can be prescribed by the IMF for its upper credit tranches. The rich Arab states will probably want to channel more of their general-purpose aid through the AMF, hoping that its multilateralism will make it easier for the Fund to impose necessary economic measures than it would be for them on a bilateral basis.

The former view was put by Dr. Abdel-Hassan Zalzalah, assistant secretary-general of the Arab League, at the Abu Dhabi meeting in April. He said the foundation of the AMF would lessen Arab states' dependence on the IMF and avoid the undesirable economic policies and reforms required *by international institutions.*

But managing director Hashim is on the record as saying that member-states should not regard the new pan-Arab institution as a soft option. The AMF not only intends to follow IMF procedures in granting credits: its charter was almost entirely drawn up by the IMF and IMF personnel are acting as advisers. On the other hand, it does seem probable that the AMF would be more tolerant than the IMF over measures such as those proposed by the IMF which precipitated serious rioting in Egypt in January.

Though AMF lending procedures will follow those of the IMF, the AMF's scale of assistance appears to be wider. Members will be able to borrow up to four times their contributions in one year and the interest charged will not be as high as the IMF's. But assistance will be provided only after an AMF team has visited the applicant country to assess conditions there and after the applicant has undertaken to apply recommendations on economic policy laid down by the AMF executive board.

*No one in authority has yet said which Arab state is likely to be the first to benefit from the AMF, but clues are provided by the scale of subscriptions to the capital.*

While Saudi Arabia is naturally the biggest contributor with AD38m., so is Algeria, and while Iraq and Kuwait—other rich oil exporters—are the next biggest subscribers on AD28m., Egypt matches them. It seems obvious that both Algeria and Egypt will be major users of the AMF's credit facilities. Algeria has already borrowed heavily in the commercial markets and is finding it difficult to interest international banks in general purpose credits. Egypt has received major commitments of aid for this year but still needs substantially more for the rest of the decade. Its rich Gulf supporters are likely to welcome the AMF as a less embarrassing and more objective agent for telling the Egyptians how to put their house in order. The Gulf states have already used the commercial banks in this way by guaranteeing through the Gulf Organisation for Development in Egypt (GODE), a $250m. Euromarket loan that they, in GODE, could have granted direct.

*Algeria will be able to draw* from the AMF nearly $500m. in one year, Egypt nearly $400m. Other subscriptions to the AMF include the UAE's AD15m., Qatar, Morocco and Sudan's AD10m. each, Libya's AD9.3m. and Tunisia, Lebanon and North Yemen's AD5m. apiece.

The question of how free the AMF will be of political pressures has also yet to be settled. Voting is in accordance with subscription levels. There are eight executive directors but, while Saudi Arabia represents itself, it can theoretically be outvoted by the director from Iraq, who also represents Bahrain, Qatar and Oman. The Egyptian director also represents Sudan, the UAE also Kuwait, and so on.

## Supplement

To supplement its resources, the AMF will be able to borrow from its members, from Arab and foreign institutions and in the international markets. The fund is authorised to borrow and issue guarantees on behalf of AMF members up to 200 per cent. of its authorised capital of AD250m. It is possible that the AMF might consider co-financing operations with commercial banks. Dr. Hashim has also hinted that some forms of project-financing — especially for the promotion of exports—might be considered in the future, though he stresses that this form of aid is more properly the domain of the Kuwait-based Arab Fund for Economic and Social Development.

A major, longer-term aim, according to Hashim, is the unification of Arab currencies, towards which the creation of the Arab dinar is the first step. The way to unification, however, is likely to be long and trying. A unit of account like the Arab dinar is one thing; a fully fledged Arab currency quite another—at least until the vast gap between the rich and the poor Arab states has been significantly narrowed. Even the achievement of a Gulf currency is posing more difficulties than were at first envisaged. But initially the AMF aims to facilitate the exchangeability of Arab currencies. Its functions include advising on economic reforms and overseas investments.

**Brian Thompson**

# Expanding aid effort

THE MANAGERS of the Arab world's seven big development funds now meet twice a year to spend a week discussing the coordination of their lending programmes. This reflects not only the rapid growth in the number of funds since the 1973/74 oil price explosion, but also the fact that the funds all have broadly similar objectives and encounter many of the same problems. Arab project aid, always a sophisticated business, is becoming more complex.

The real boom in Arab aid distribution has taken place since 1973 with the sudden swelling of the oil producers' surplus. Before that date Kuwait was the only large scale Arab aid donor. The oil price rise made Saudi Arabia and Abu Dhabi into chronic large scale surplus states, while the economic havoc caused by the oil price rise in non-oil producing states made more generous aid giving almost essential for political reasons.

The total amount devoted to grants and aid by Arab states from 1974 to 1976 is put at about $14bn. After making these payments and absorbing what they could in imports and service payments the oil exporting states accrued a total surplus of about $102bn. over the three years. For 1976 the figures were: aid $4.4bn. compared with an estimated total surplus of $38.9bn.

A detailed breakdown of the grants and aid figure is hard to arrive at but not all the money stays in the Arab world. The Arab surplus states are big contributors to the IMF oil facility and to World Bank loans. They have also pledged money to the OPEC Special Fund which is designed to help developing countries not just with project aid but also with straight balance of payments support. They have paid money to the OAPEC Special Account, which has made interest-free loans to oil-less Arab states, and they contributed to the OAPEC-sponsored Special Arab Fund for Africa, intended specifically to help the African states cope with the oil price rise. The Fund has now been taken over by the Arab Bank for Economic Development in Africa (ABEDA).

Leaving aside contributions to international organisations, the largest disbursements by the Arab surplus states probably go to "front line" states in the Middle East conflict zone, Egypt, Syria and Jordan. Kuwait alone pledged $1bn. during the course of the 1973 war to these states and in 1974 was one of the countries which agreed to pay them $500m. at the Rabat Summit. It is believed to have contributed $3.1bn. since 1967. Abu Dhabi contributes three-quarters of all its aid to the front-line states and the Palestine Liberation Organisation. Saudi Arabia, Kuwait, the United Arab Emirates and Qatar contribute to the Gulf organisation for Developing Egypt which is designed to tide Egypt over its present economic difficulties, in collaboration with the IMF and World Bank and has promised $1.5bn.

## Variety

Next on the list come the wide variety of grants and loans disbursed through the Finance Ministries of the oil surplus states to other Arab (and, in some cases, non-Arab) states. These disbursements are effectively acts of foreign policy, especially those of Saudi Arabia whose recent beneficiaries include the two Yemens, Somalia and Sudan. Under this heading also come the very generous gifts made by Sheikh Zaid of Abu Dhabi, President of the UAE, to other states.

By comparison with these general support grants and loans the sums actually disbursed by Arab project aid funds sometimes appears rather insignificant. Even the fund, with the largest capital, the Kuwait Fund for Arab Economic Development, disbursed $170m. in 1976 compared with total grants and aid disbursement by the State of about $1bn. Though Saudi Arabia contributes to several aid funds, its own Saudi Fund for Development (SFD) had disbursed less than $100m. by early this year, compared with total Saudi disbursements of $2bn. in 1976 alone.

The reasons for the relatively low level of project aid disbursements are not hard to find. Apart from the Kuwait Fund (founded in 1961 and by far the most experienced and respected of the Arab funds), the Arab Fund for Economic and Social Development (which was founded in 1968 but did not start operating until 1973) and the Abu Dhabi Fund for Arab Economic Development (founded in 1971) all the other organisations have started since the oil price rise. Quite apart from the time taken to establish funds with a very limited supply of management talent in the region, project aid is by its nature difficult to disburse fast. There are limits on the recipient country's administrative ability to identify and propose viable projects, and on a fund's ability to assess them. There are limits to the number of viable projects a country can absorb at any one time.

Nevertheless the financial assistance given by the Arab aid funds is probably of at least as much long-term value as the more lavish general grants and loans. There are considerable safeguards to make sure that the money is not misspent; and the relative political independence of the funds means that a developing country can present a project to an appropriate fund in the reasonable certainty that it will be considered on its merits. Once funds have been committed to a project they are likely to flow regularly provided work keeps up, whereas the flow of funds handled by the Ministry of Finance of a donor country can be subject to political pressures. Apart from the Arab Fund for Economic and Social Development (AFESD) all the big seven funds assist non-Arab states; indeed the Islamic Development Bank and the Arab Bank for Economic Development in Africa are primarily concerned with non-Arab countries.

The Kuwait Fund for Arab Economic Development is the doyen of the Arab funds. Established shortly after Kuwait became independent it quickly laid down standards of management and objectivity which the second generation of funds has tried to emulate. Despite the complexity of the task of assessing projects the Kuwait Fund has a reputation for fast work and can process projects faster than many Western aid agencies. It has also taken the initiative in proposing projects and suggesting economic policies to Arab states.

By 1974 the Kuwait Fund had financed 47 loans in 12 Arab countries worth a total of $561.4m. In that year its authorised capital was increased from $700m. to $3.45bn. and the scale of its lending sharply increased, so that in 1976 alone commitments totalled $322m. and disbursements $170m. The first loans to non-Arab states were made in 1975-76. The Kuwait Fund has traditionally concentrated on infrastructure projects: 54 per cent. of the KD75m. disbursed in the African and Asian countries in 1975-76 was devoted to power projects, 22 per cent. to agriculture, 16 per cent. to industry and 8 per cent. to transport and communications.

The Arab Fund for Economic and Social Development, also based in Kuwait, was originally proposed by Kuwait in 1967 and won Arab League approval the next year. But it took time for contributions to flow in and the Fund did not start operating until 1973, by which time pledged subscriptions stood at $270m. Saudi Arabia, with little disposable surplus until the early 1970s, did not join until 1974. The Fund's authorised capital is now $1.4bn. of which a little over $700m. should have been paid in. The biggest contributors are Kuwait, Saudi Arabia and Libya, and by the end of 1975 the fund had helped finance 18 projects totalling more than $1bn., of which $121.5m. came from the Fund. The Arab Fund tries to give priority to inter-Arab projects and it is also anxious to assist social welfare projects.

The Abu Dhabi Fund for Arab Economic Development was set up before Britain withdrew from the Gulf in 1971 and now has capital of $500m. It lent to the first non-Arab States last year, though the lion's share of its disbursements went to Arab States. By September 1976 the amount committed had reached $415m., although only $44.5m. had been disbursed. The fund is gradually stepping up its supervision of projects as its staff acquires greater strength. It has taken control of $168m. worth of loans made by the Abu Dhabi Government.

## Committed

Four other major funds got underway in 1974 and 1975. Saudi Arabia set up the Saudi Fund for Development (SFD) which by early this year claimed to have committed $1.6bn., but had disbursed less than $100m. It has signed 36 loan agreements in its first two years of operation and about half its commitments are in the Arab world. Its paid up capital of $1.6bn. is to be raised to $2.7bn. In the non-Arab world the SFD is supporting projects in South Korea (from which Saudi Arabia draws some of its most hard working labour), Congo-Brazzaville and Guinea-Conakry, and Brazil and Ecuador have also had outline commitments for finance.

Iraq established the External Iraq Fund for Development in 1974 with an authorised capital of $500m. but it appears to have pursued a fairly unobtrusive lending policy, though Iraq itself is thought to have disbursed nearly $1bn. in multilateral and bilateral aid last year.

While all the other funds give loans on generous concessionary terms the Islamic Development Bank operates according to the sharia law and charges no interest. Set up in 1974 by the Islamic Summit Conference, at the instigation of Saudi Arabia, it started operating in 1975 and is based at Jeddah. It has 32 members ranging from Malaysia to Cameroun, but the largest subscriber to its paid up capital of 750m. Islamic dinars (1 ID = 1 SDR) is Saudi Arabia, followed by Libya, the UAE and Kuwait. So far the IDB has backed five projects, with loans, equity participation or joint participation, in Cameroun, Jordan, Sudan, Somalia and Bangladesh. The IDB regards itself as more than a bank but rather as the spearhead of a new economic order for the Islamic world, channelling Arab oil money to other Islamic countries and practising strict Islamic rules on the use of money. Because it cannot charge interest on its funds the IDB is having to search hard to find viable means of employing its surplus funds.

The last of the big seven development funds is the Arab Bank for Economic Development in Africa, known as ABEDA or—in French—as BADEA. Based in Khartoum, ABEDA was established in 1975 after a decision by the Arab Summit in Algiers in November 1973. It is purely devoted to assisting African countries, using Arab finance, and as well as making concessionary loans its role is to solicit the flow of Arab funds to African states by co-financing projects, and to provide technical assistance. The biggest subscribers to ABEDA's capital (now authorised at $886.5m.) are Saudi Arabia, Libya, Iraq, Kuwait and the UAE. ABEDA has been very active since its formation: it has agreed more than 20 loans totalling more than $160m., and received a big boost at the Afro-Arab conference in Cairo last March, when Saudi Arabia, Kuwait, Qatar and the UAE pledged an extra $180m. to ABEDA's capital.

In a region where experienced executives are in short supply the performance of Arab aid funds is highly dependent on calibre and character of their chief executive, and men like Mr. Abdlatif al Hamad, of the Kuwait Fund, Dr. Hassan Abbas Zaki and Mrs. Nasser al-Nowais of the Abu Dhabi Fund, Dr. Chedly Ayari of ABEDA, Dr. Mansour Turki, of the Saudi Fund, and Dr. Ahmed Mohammed Ali, of the IDB, are very much the driving force behind their institutions. The growth in the number of funds has made the problem of executive capacity worse, even though the number of skilled Arabs is constantly increasing. Even the Kuwait Fund is finding itself seriously understaffed to cope with the upsurge of work as it expands into the non-Arab world, but it is naturally in a much stronger position than institutions like the Saudi Fund which are starting from scratch. The fund-raisers are trying to solve the problem by much greater

CONTINUED ON PAGE VI



# Secure framework for investment

ONE OF THE major roles of the now famous Kuwait Fund for Arab Economic Development, the Kuwaiti equivalent of the World Bank, has been to provide trained staff for other regional investment and aid institutions, and to act as a melting pot for ideas and a source of new development thinking. Although the idea for the multinational Arab Fund for Economic and Social Development did not come originally from the KFAED, much of the thinking which lies behind the emphasis it places on social development evolved in Kuwait. The new fund, furthermore, took as its president a member of the KFAED's staff (and former Lebanese Minister of National Economy), Saeb Jaroudi, and took on the KFAED's own director general, Abdelatif al Hamad, as one of its directors.

The Inter-Arab Investment Guarantee Corporation owes still more to the Kuwait Fund. Not only do several of its staff come from the Fund, the idea for the Corporation was originally put forward by Abdelatif al Hamad (when he was addressing the first Arab Industrial Development Conference in 1966), and the work of establishing the Corporation and canvassing potential members was undertaken by Kuwait Fund staff working out of the Kuwait Fund offices.

## Commercial

As it was put together by the Kuwait Fund staff and groups of Arab "experts" the Corporation is essentially a commercial institution: it may insure a casino but not a library established by a philanthropic foundation. The assets it will insure fall into three categories: loans, equity investments and investments made by contractors as part of their work in carrying out their contracts. Both the recipient country and the country of origin must be shareholders in the Corporation, although earlier this year it was decided that investments by joint Arab-foreign banks and other financial institutions based outside the Arab world should be eligible for insurance. Customers may be private citizens, private and public companies, state corporations or governments—though in practice it has never been envisaged that "strong" parties such as governments will need to use the Corporation because they are able to retaliate against nationalisation and moratoria on debts in recipient countries by cutting off the flow of new aid loans.

The risks that the Corporation will underwrite are: nationalisation and related threats such as the cancellation of debts; damage caused by war, civil disturbances and coups d'état; and losses incurred through restrictions on the repatriation of profits—provided that the restrictions are imposed after the investor has committed his capital. If it wishes, the Corporation may refuse to insure investments in high-risk states—a problem which is now much less severe than it was when the Corporation was proposed in 1966—but it may not charge an investor a higher premium purely on the basis of the political system of the recipient country.

Unfortunately the Corporation has not so far been very successful—though this has in no sense been the fault of its own management. For the first two years of its existence it suffered from the fact that Saudi Arabia did not become a shareholder (thus depriving the Corporation of one of its two major sources of investors), presumably on the grounds that insurance is regarded by strict Islamic doctrine as an attempt to defy the will of God and is therefore prohibited. When the Saudis finally joined in June this year, only Bahrain, South Yemen and Somalia remained non-members. None of these States had actually said that they would definitely not join, indeed the Somalia had agreed to the scheme in principle, so it was assumed that each for their different reasons had decided that they would derive little benefit from membership. Bahrain is an obviously secure place for investment, while the chances of the other two States receiving, or even welcoming, private investment from other Arab States are remote.

## Capital

A further problem has stemmed from the small size of the Corporation's capital, now some $68m. due to be paid up over the next five years. On the basis of the rule that it may take on liabilities of up to five times its capital, this rule limits it to insuring risks totalling no more than $340m. This has not helped to make the Corporation appear a *big and conspicuous* institution in the Arab world, but the main practical difficulties have stemmed from another rule that the Corporation may not commit more than 10 per cent. of its capital plus reserves to a single contract—unless the project involved is a joint-Arab one (involving two recipient countries) or occupies an important place in the Corporation's schedule of priorities, in which case the limit rises to 20 per cent. of capital plus reserves.

This regulation has actually forced the IAIGC to turn away business on occasions, because although the equity investments involved in the proposals submitted to it are often quite small, the loans accompanying them are sometimes well over the Corporation's limit. At the same time the small size of its paid up capital has meant that the Corporation gets only a small income from its portfolio investment, a consideration which has forced it to keep its running expenses small and has prevented it from employing sufficient numbers of good staff.

Supplementing all of these difficulties has been the discovery that private Arab investors are not accustomed to the idea of insurance, and that quite apart from any residual religious considerations, they have shied away from considering insurance as if they cannot face being reminded of the very thought of the non-commercial risks involved in overseas investment.

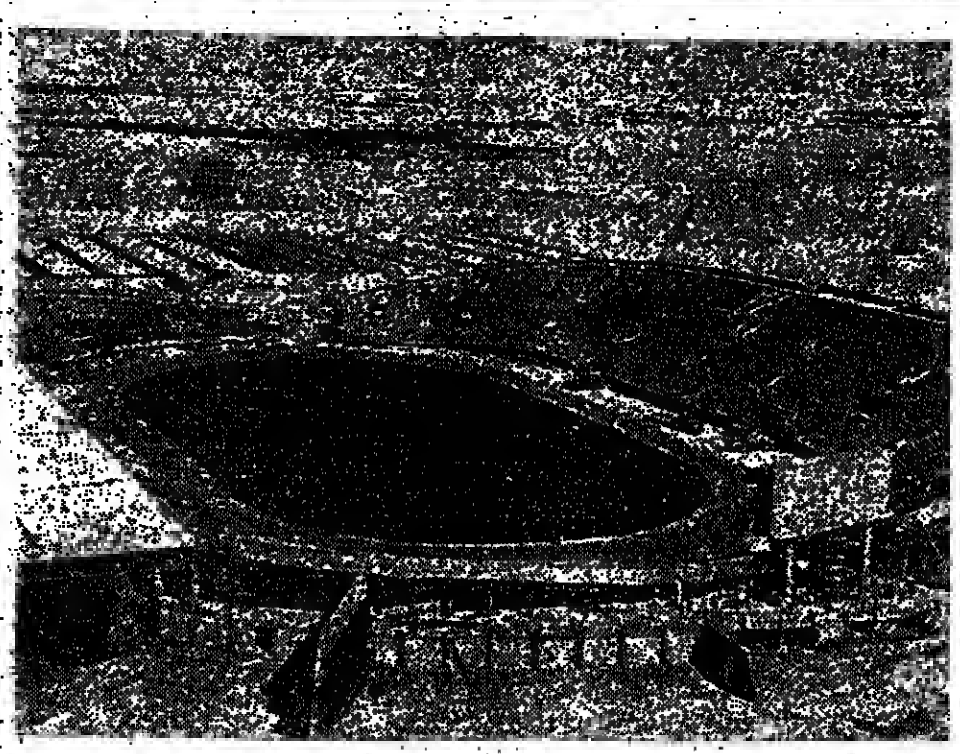
It is therefore not surprising that as of the beginning of June the IAIGC had signed only five contracts. Two of these were for loans from the Kuwait Foreign Trading Contracting and Investment Company to a spinning and weaving factory and a hotel company, both in Sudan. The other three were for equity investments by Kuwaiti private companies in an aluminium works, a carpet factory and an hotel, all in Egypt. It was expected at the time that four or five further contracts would be tied up during the later summer and early autumn, all involving Kuwaiti institutions or individuals investing in Egypt or Sudan.

The disappointing performance of the IAIGC to date in no sense detracts from the Corporation's long term potential and importance. Private sector inter-Arab investments of the type which the Corporation hopes to encourage could eventually prove to be as important in helping the development of the deficit states as the much bigger and more conspicuous sums now being given by government agencies as aid loans. In part this is because they help spread the administrative manpower burden away from the hard-pressed state institutions of the oil producers and in part it is because if they prove to be successful in any country, their potential snowball effect is enormous.

**Michael Field**

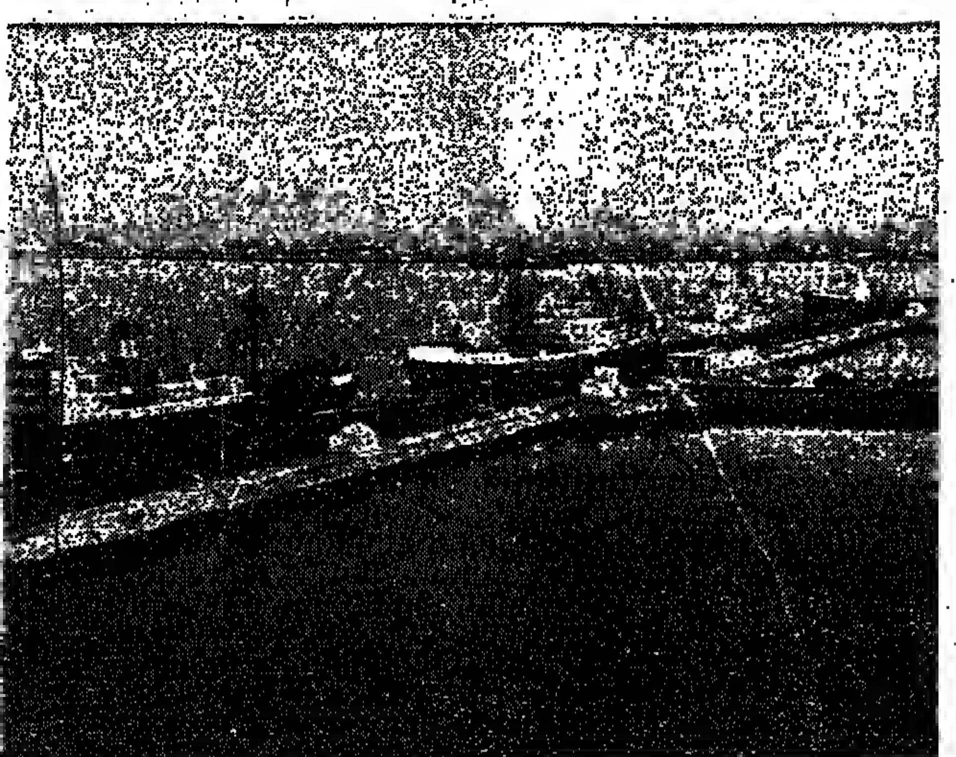
# QATAR

قطر



ABOVE: Doha's Khalifa Stadium, scene of the Fourth Gulf Football Tournament, can hold 40,000 spectators—all seated.

BELOW: The berth capacity of Doha's man-made deep water port has been extended from four to eight at a cost of QR 86m.



## Co-operation and aid

Qatar's provisional Constitution unequivocally declares that foreign policy will aim at "strengthening the ties of friendship with all Islamic states and peoples"; and the State's membership of the Arab League has been equally firmly underwritten by HH the Emir's pledge of "full support for the supreme targets at which its charter aims."

It follows that Qatari participation in joint Arab projects and institutions, on and beyond the Gulf, is widespread and dynamic.

For instance, Doha—Qatar's capital—has a Regional Training Centre, a prolific source of craft and clerical manpower, that is open to other Gulf nationals. Doha also houses the headquarters of a Food and Agricultural Organisation (FAO) pan-Gulf fisheries survey. Here also Gulf postal and aviation authorities have conferred—Qatar is a member of the Gulf Aviation Council. And last year the capital's vast elliptical Khalifa Stadium staged the 18-day football extravaganza of the Fourth Gulf Tournament (won by Kuwait after a 4-2 play-off with Iraq) which crammed the capital with *20,000* visitors and won Arab World *television* audiences *of* up to 10,000,000.

Beyond the Gulf, Qatari participation in pan-Arab co-operation projects, mostly at agreement level, has involved such diverse activities as air/sea rescue, tourism (the State is a member of the Arab Union of Tourism), studies of dry and arid areas, allocation of radio broadcasting frequencies, and control of radio-active isotopes.

The State's pan-Arab affiliations are particularly evident in educational affairs—as long ago as 1964 its delegates helped to draft the constitution of the Arab League Educational, Cultural and Scientific Organisation (ALESCO).

More recent associations include founder-membership of the Supreme Council of Higher Education formed by the education ministers of the Arab Gulf states in Mecca in April 1977, the Riyadh-based Gulf Bureau of Education, and the Kuwait-based Gulf Educational Research Centre—all primarily concerned with the formulation and co-ordination of complemental higher education programmes.

A powerful factor in Qatari external policy is membership with Egypt, Saudi Arabia, Kuwait and the United Arab Emirates in the Arab Military Industries Organisation (AMIO), which has the general objective of reducing the dependence of their defence forces on non-Arab sources of supply.

### TRANSPORTATION

Transportation is another important field of co-operation. Qatar is an equal partner with Bahrain, Abu Dhabi and Oman in Gulf Air—which operates international routes (mainly with extended-range TriStars) as well as an Arab World network—and also with Iraq, Kuwait, Saudi Arabia and the United Arab Emirates (19.3 per cent each), and Bahrain (3.5 per cent), in the United Arab Shipping Co., launched in March this year to run freight services between Gulf ports and Europe, Japan and the United States.

In addition, the State is a member of the Gulf Ports Federation.

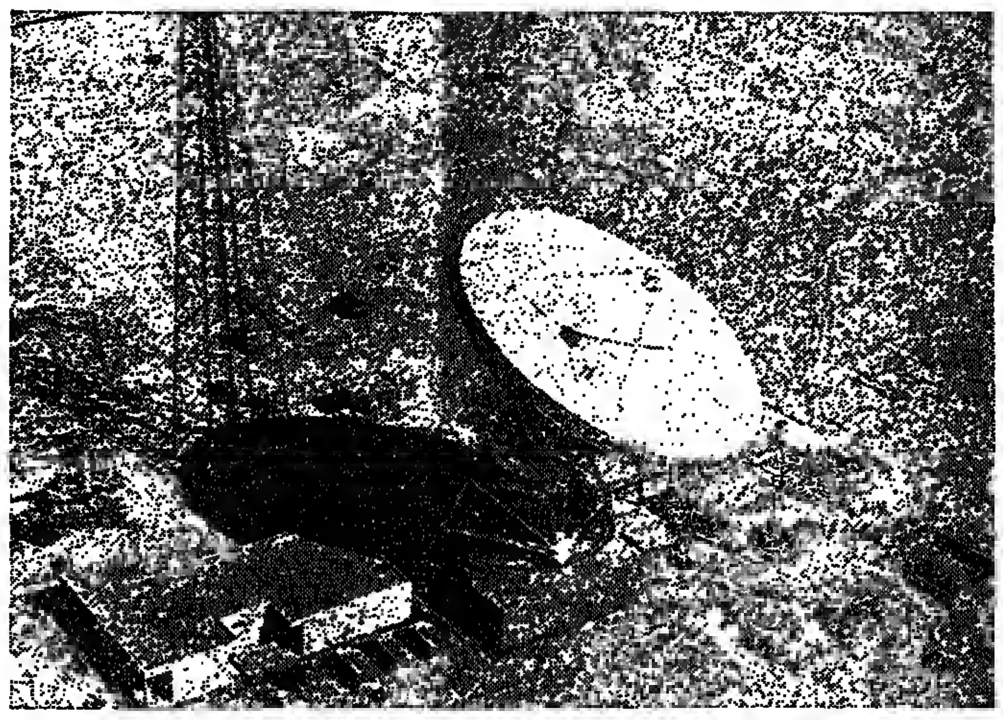
Qatar has been a member of the Organisation of Arab Petroleum Exporting Countries (OAPEC) since June 1970 and is—through the Qatar General Petroleum Corporation (QGPC)—a shareholder in two major affiliates: Arab Shipbuilding and Repair Yard (16 per cent) and Arab Maritime Petroleum Transport (13.57 per cent).

In recent years the State has concluded agreements with Tunisia (cultural, technical and commercial), Morocco (cultural and technical), Egypt (cultural and health), Saudi Arabia (economic) and Somalia (economic and commercial).

Official Qatari reticence concerning specific aid activities is far more a matter of traditional good manners than of external policy and, in practice, only those subject to international or pan-Arab accountancy are disclosed—although in general terms HH the Emir has revealed that Qatari assistance to "developing nations" amounted to 12 per cent of the national income in 1974, 20 per cent in 1975 and 15 per cent last year.

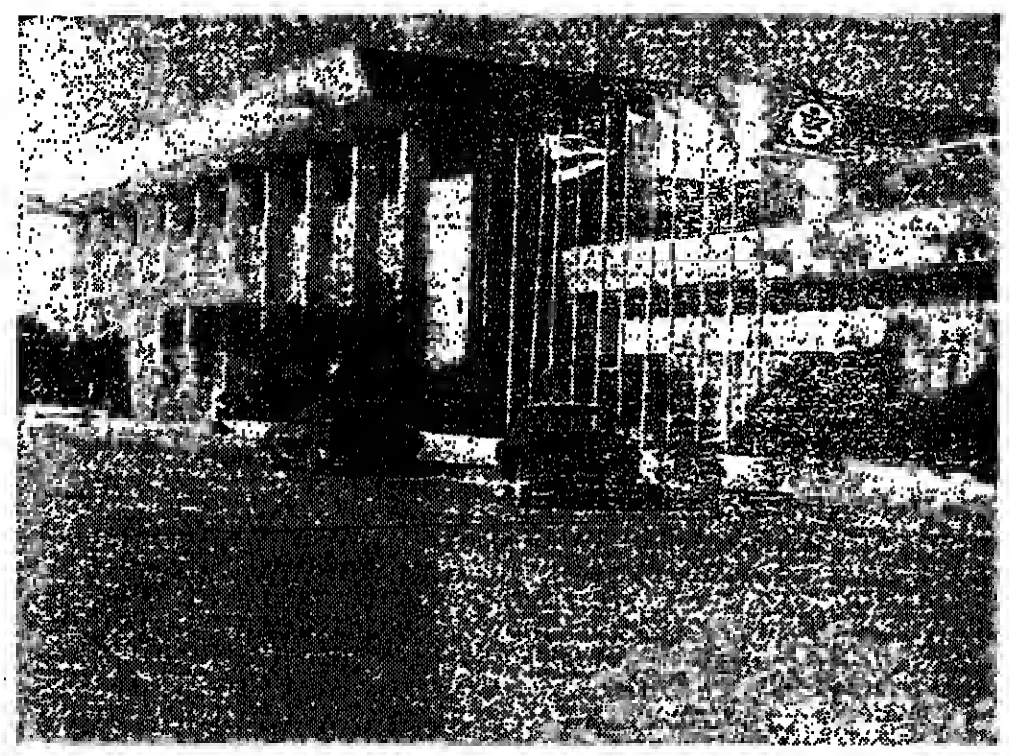
It has also been officially stated that the principal institutions of Qatari participation include the Arab Fund for Economic and Social Development ($US14m.), the Arab Monetary Fund (Arab Dinars 10m.), the Arab Bank for Economic Development in Africa ($US60m.), the Arab Fund for Technical Aid to Arab and African Countries ($US350,000), the Arab Loan Fund for Africa ($US10m.), the Gulf Organisation for Development in Egypt ($US200m.), the Islamic Development Bank ($US12m.) and the Arab Institute for Investment in Agricultural Development (Kuwaiti Dinars 7.5m.).

The first four institutions named above operate under Arab League auspices. In addition, Qatar is associated with no fewer than 20 others similarly based. These include the Arab Academy for Maritime Transport, the Arab Economic Unity Council, the Arab Labour Office, the Arab Labour Organisation, the Arab Narcotics Bureau, and the Arab States Civil Aviation Council.



ABOVE: The State's earth station, beamed on the Indian Ocean satellite, now provides a London to Doha direct telephone dialling facility.

BELOW: Doha International Airport is being expanded as preliminary work for its replacement proceeds under a joint allocation of QR 46m.



## Development

*...urpose of this report is to up-date the information ...provided in this newspaper on March 9 this year; thus ...titles are retained in the same running-order and the ...ically additive.*

...y 31 this year HH the ...ued two decrees: the ...aiming his Commander- ...and eldest son, Major- Sheikh Hamad bin al-Thani, as Crown ... the State of Qatar with ... of His Highness; and ...cond establishing a ... of Defence with Sheikh ... as Defence Minister ...aining his appointment ...

...e Crown Prince was ...Doha in 1950, passed out ...MA Sandhurst in May ... first Qatari to do so, ... appointed C.-in-C. (again ...rst Qatari) in February ...

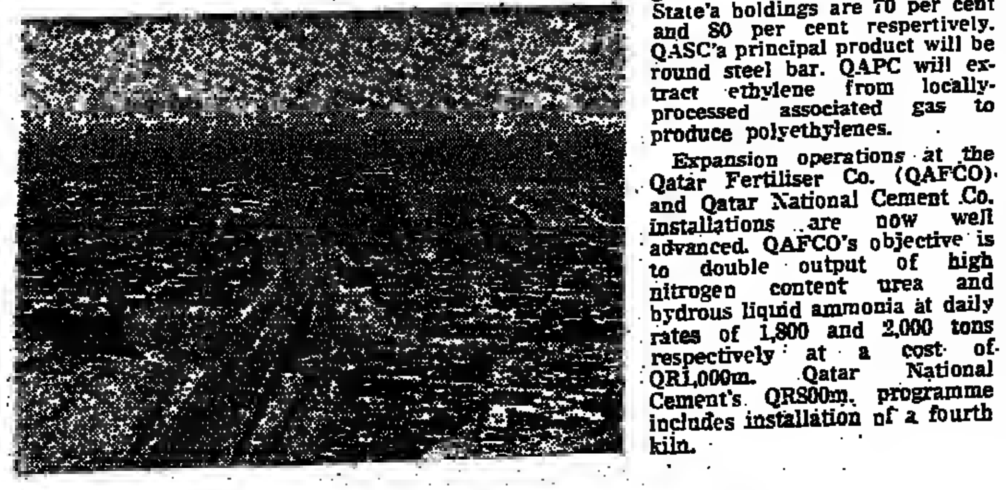
...OLEUM: The Qatar ...n Producing Authority ... was formed in Septem- ... to provide technical and administrative control of on-shore and off-shore crude recovery and exploration following the State's acquisition, by agreement, of residual equities held by the shareholders of the Qatar Petroleum Co. Ltd. and the Shell Co. of Qatar Ltd. It is a wholly-owned subsidiary of the Qatar General Petroleum Corporation (QGPC), established two years earlier with overall responsibility for the entire range of the State's oil and natural gas interests.

Exports of on-shore and off-shore crude totalled 23.140m. long tons in 1976, compared with 20.358m. LT in 1975 and 24.247m. LT in 1974. Shipments from the Umm Said (on-shore) and Halul Island (off-shore) terminals totalled 11.000m. LT and 12.140m. LT respectively.

**...e Qatar Riyal (QR) is divided into 100 Dirhams ...ed by the Qatar Monetary Agency.**

**...s aligned to the Special Drawing Right (SDR) of ...rnational Monetary Fund (IMF) and its exchange ...ainst the £ Sterling is approximately £1 - QR 6.65.**

*...er speeds traffic into the capital from the industrial Umm Said area.*



In December last year the State hosted the forty-eighth ministerial conference of the Organisation of Petroleum Exporting Countries (OPEC) and its Minister of Finance and Petroleum, HE Sheikh Abdulaziz bin Khalifa al-Thani, acted as chairman upon his election as OPEC's President for 1977.

**GAS:** Work continues on the Qatar Gas Co. (QGC) plant (NGL-2) for the extraction and processing of associated gas from the Idd al-Shargi off-shore oilfield. Completion is now scheduled for mid-1979 with a designed first phase daily output of 1,100 tons of propane, 900 tons of butane and 900 tons of natural benzine. Ultimate expenditure is estimated at QR1,000m.

Plans for a second NGL-2 production line, to process on-shore associated gas, are in hand.

Test drilling of the high-potential seabed unassociated gasfield in the north-west section of the former Shell Qatar concession area continues—as do feasibility studies concerning extraction, processing and marketing as methane and ethane. A decision on an exploitation project, based on expenditure equivalent to $US2,000m., is probable next year.

**INDUSTRY:** It was officially announced in July this year that the Qatar Steel Co. (QASC) plant would open in February 1978 and that the Qatar Petrochemicals Co. (QAPG) complex would also go on stream next year; the State's holdings are 70 per cent and 80 per cent respectively. QASC's principal product will be round steel bar. QAPC will extract ethylene from locally-processed associated gas to produce polyethylenes.

Expansion operations at the Qatar Fertiliser Co. (QAFCO) and Qatar National Cement Co. installations are now well advanced. QAFCO's objective is to double output of high nitrogen content urea and hydrous liquid ammonia at daily rates of 1,800 and 2,000 tons respectively at a cost of QR1,000m. Qatar National Cement's QR800m. programme includes installation of a fourth kiln.

*THE EMIR OF QATAR*

*HH Sheikh Khalifa bin Hamad al-Thani.*

The Industrial Development Technical Centre (IDTC), the State's co-ordination and advisory arm in diversification affairs, is considering the results of feasibility studies covering a wide variety of light industrial activities, notably production of plastic products and building materials.

**EDUCATION:** In June this year the first group of 117 students, 79 of them women, graduated with BA and BSc degrees from Doha's Faculty of Education, established (in the words of HH the Emir) to serve as "the first step towards the envisaged Qatar University which, by God's will, we shall make available to all citizens of the Gulf region." Registrations for the 1977-78 academic year number 767 (516 women) and the National Budget allocation has been increased from QR34.383m. to QR85.117m. First phase work on the university itself has commenced; completion is programmed over six years at an estimated cost of QR740m.

The overall student population now totals 32,400, with girls accounting for 17.3 per cent at the primary, preparatory and secondary stages. Fifty-three of 1,853 higher education students are attending overseas universities.

**PUBLIC HEALTH:** Construction of Doha's new 600-bed general acute hospital, with main accommodation comprising two six-storey ward blocks, is nearing completion.

An integrated system of six purpose-built health centres is being introduced with the aim of de-centralising the State's completely free existing services by encouraging reliance on preventive support units.

**SOCIAL SERVICES:** The 1977 National Budget allocated QR80m. for the construction of 600 additional "popular" housing units for low-income families and another QR200m. for interest-free building loans.

**POWER/WATER:** In April this year HH the Emir opened the first phase installations of the gas-fuelled power/distillation complex at Ras Abu Aboud, 15kms south of Doha. Current capacity is 100 mW of electricity and 10m. gallons of water daily. Second phase work, now proceeding, will add 200 mW and 20m. gd. Completion remains scheduled for 1979 with an ultimate capacity of 500 mW and 50m. gd.

**AGRICULTURE:** The Government is taking steps to check depletion of natural underground sources of irrigation water, as revealed by a two-year hydro-agricultural survey, and thus facilitate additional agricultural development. It has ruled that domestic consumers should cease as soon as possible (as distinct from sea water distillation distribution) and that schemes to recharge the underground acquifers with water produced by distillation should be subjected to feasibility studies.

**FINANCE:** The March 1977 report in this newspaper mentioned that the National Budget for that year provided QR6,301m. for major development projects, representing an increase of QR1,918m. (44 per cent) over relative expenditure in 1976.

The Qatar National Bank SAQ, whose wholly-owned Qatar ownership reflects local commercial and industrial conditions, has since reported a 1976 net profit increase by 15 per cent to QR40.486m. and payment of a dividend of 20 per cent (QR5.600m.) as against 15 per cent (QR4.200m.) in 1975. The bank's statutory and financial reserves rose in the 12 months by 41 per cent from QR84.725m. to QR119.623m., its total assets by 69 per cent from QR1,101m. to QR1,874m., and the value of its equity by 31 per cent from QR112.818m. to QR147.704m.

**COMMERCE:** The value of the State's 1976 imports rose by 106 per cent in comparison with 1975 — from QR1,610m. to QR3,300m. Japan and Britain shared 44.88 per cent of the overall market—with sales worth QR933.697m. (28.29 per cent) and QR547.586m. (16.59 per cent) respectively. Other major non-Arab suppliers were the United States (QR257.807m.: 7.82 per cent) and West Germany (QR252.100m.: 7.65 per cent).

The State's exports of ammonia and urea fertiliser products totalled QR122.2m. in value last year.

**BROADCASTING:** Work has begun at al-Khaisah, near Doha, on a radio transmitting complex to house a total of eight broadcasting equipments: two 50 kW medium frequency, one 100 kW mf, two 1 kW mf, one 100 kW high frequency, one 250 kW hf, and one 10 kW mf.

The northern (al-Arish) 750 kW mf transmitting station, intended to cover the whole of the Middle East and parts of North Africa and Europe, is expected to become operational later this year.

**AVIATION:** The 1977 National Budget provided QR46m. for the expansion of the existing Doha International Airport and preliminary activities associated with the Government's continued interest in its replacement.

Scheduled aircraft movements through Doha totalled 7,540 last year compared with 6,901 in 1975—an increase of 9 per cent.

Passenger arrivals and departures rose by 27 per cent over the same period.

**SHIPPING:** A QR86m. project to extend the berth capacity of Doha's man-made deep water port from four to eight was completed in June this year.

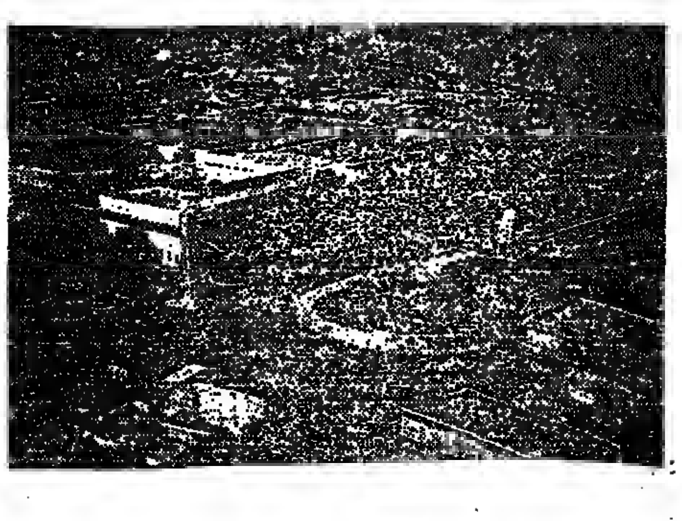
Nearly 600 vessels (including 210 from Britain and Europe) off-loaded 1.298m. freight tons of general cargo last year—plus over 140,000 head of livestock.

**TELECOMMUNICATIONS:** The capacity of Doha's fully-automatic telex exchange is to be increased from 720 lines (accepting 75,000 outgoing minutes monthly) to 960 lines.

Direct telephone dialling between London and Doha was introduced in June (international code: 010 974) and other external telephone destinations now available through the State's earth satellite station include (in addition to Arab countries) France, India, Iran, Italy and Pakistan. External telephone time exceeds 500,000 minutes daily.

The 1977 National Budget allocated QR71.6m. for the expansion of the domestic telephone system to 29,400 lines.

*Doha Palace, on the capital's waterfront, houses the Office of HH the Emir.*



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## ARAB COOPERATION AND DEVELOPMENT VI

# Inter-regional investment

IN THE four years since the oil revenues explosion began there has been a great surge of interest in intra-regional investment in the Arab world—the channelling of surpluses from the oil producers to the deficit states not just as aid but as strictly commercial investment. The most visible evidence of this has been the spate of regional (or in one or two cases partly regional) investment companies that have been established.

The first companies to be established, shortly before the oil crisis or during it, were the Sudan-Kuwait Investment Company (sponsored by the regionally orientated Kuwait Foreign Trading Contracting and Investment Company), the Afro-Arab Company for Investment and International Trade (also sponsored by KFTCIC) and the Arab Investment Company, owned by most of the Arab governments and based in Riyadh. More recently these companies together with various other parties have spawned such institutions as: the Arab Livestock Development Company based in Damascus, the Arab Industrial and Metallurgical Company headquartered in Mauritania for the initial purpose of investing in copper and steel smelting, the Arab Mining Company, which is headquartered in Amman and will be making its first investment in a Jordanian potash project, the Arab Petroleum Investment Company, the Egypt-Kuwait Investment Company, the Sudan-UAE Investment Company, the Jordan-Kuwait Bank and the Jordan-Gulf Bank, various specialist investment companies spawned by the Sudan-Kuwait Investment Company, and the part regionally orientated Sharjah Group.

Other signs of the new investment trend have been the liberalisation measures, including the establishment of free zones, adopted by the deficit Arab states, and the way in which private investors, especially in Kuwait, have been forming small companies or partnerships to manage their investments rather than holding them as personal property as they did in the past. This latter development, which is more conspicuous still with internal Kuwaiti investment operations, should help ensure that in future the investors' businesses receive more attention and better management. It is also noticeable that in some of their investments in the West, Arabs have been putting money into companies such as Lonrho which will complement or help expand their regional business operations.

## Movement

Underlying the whole regional investment movement has been not only the greater surpluses of the oil producers, but also the greater feeling of confidence and unity in the Arab world, the hostile Western reaction to Arab investment, and the fact that through the operations of KFTCIC (which was established in 1965 and is 80 per cent. state owned) a certain amount of experience of intra-regional investment had already been built up.

On a government-to-government or quasi-state institution to government level the encouraging outward signs have been accompanied by a certain amount of actual investments and a great many more investment commitments, in addition to the commitments implied in the formation of the joint investment companies mentioned above.

By far the biggest commitments have been made by the Kuwait Finance Ministry, the Ministry responsible for the investment of the state's long term reserve, through KFTCIC and the Kuwait Real Estate Consortium. KFTCIC had assets at the end of 1976 worth rather over $350m., but its investments on behalf of clients (mainly the Government) must have been very much bigger. At the end of 1975 they came to some $750m. and the figure would have grown in 1976. These funds were invested in industrial, mining and agricultural projects—the best known of which is the Sumed pipeline—either directly by KFTCIC or by its subsidiaries. (Although a lot of the work of the subsidiaries involves Finance Ministry money, KFTCIC's offshoots are relatively independent as far as their own on-balance sheet operations are concerned. They may borrow money from whatever source they like over and above the funds they are lent or have invested in them as capital by their parent.)

The Kuwait Real Estate Consortium is even more closely tied to the Finance Ministry than KFTCIC—in fact it was the Finance Ministry which sponsored its creation in conjunction with all the major Kuwaiti real estate and investment companies in 1975. To date the Consortium's activity on behalf of the government, which has earmarked $1bn. for it to manage, has involved mainly the negotiation of agreements with other Arab governments, specifying the amounts which are to be invested in each country. Agreements already signed or being negotiated at present involve $400m. for Egypt, $200m. for Syria, $70m. for Tunisia, $100m. for Jordan (although there have been problems with the negotiations in this case), $110m. for Sudan, and $50m. joint real estate development companies in Morocco and Yemen. It is now the responsibility of the offices which the Consortium is establishing in each recipient's capital to identify suitable projects.

The other oil producing governments, while subscribing to the capital of the new joint investment companies, have been far less active than the Kuwaitis. In Abu Dhabi a regional department has been established in the state's new Abu Dhabi Investment Authority (which will be fulfilling the same investment role as the Kuwait Finance Ministry). The Authority is still new—what assets its regional department has under its control (including Abu Dhabi's share in Sumed) it has inherited from the Finance Department and the old Investment Board—and this means that so far Abu Dhabi government regional investments have been made on an ad hoc basis. The Abu Dhabi Fund for Arab Economic Development, which unlike the other aid funds in the Arab world is allowed by its charter to make equity investments, has shares in a Tunisian tourist development project, and it is now working on a former Abu Dhabi National Oil Company project, for which it has recently been given responsibility, involving a phosphates fertiliser project in Tunisia.

The Government of Saudi Arabia, apart from contributing to the capital of the Sumed pipeline, the Arab arms industry and one or two of its own joint investment companies, notably a Saudi-Syrian investment company, has made virtually no direct investments of its own. It is, however, one of the three biggest contributors to the capital of the Riyadh based Arab Investment Company, which is rather like KFTCIC and has already proved very active. The company's major investments to date have included a share in the Kenana sugar scheme in Sudan; a pulp project, a building materials company and a construction company in Morocco; a stake in the expansion of Jordan's Zerqa refinery, and a tourism scheme and a cement-asbestos plant in Tunisia.

## Disappointment

What has disappointed Arab economists is that in the wake of all this quite encouraging Government activity there has been very little response from the private sector. Private Arabian investors have an ingrained fear of being exploited by wily Levantine and North African Arabs, which makes for extreme caution in committing their money. They are further afraid of socialism, and remembering the losses many of them incurred in Egypt in the early 1960s they take a lot of convincing that the policies of some of the recipients really have changed fundamentally. Equally important, potential investors have been put off by the unhelpful and patronising attitude of officials, particularly in Egypt, where the sophisticated middle class feels somewhat embarrassed by their country's dependence on the *nouveaux riches* Arabs of the Arabian Peninsula.

This is not to say that there has been no private inter-Arab investment at all, outside the obvious apartment and office blocks and private villas. The Triad group owned by the Saudi importer, industrialist and business promoter, Adnan Khashoggi and his brothers, has taken a share in a Hong Kong group called Southern Pacific Properties, which has in turn joined with the Egyptian Government and other Saudi private investors in forming a company in Egypt which is developing a big tourist resort near the pyramids. Meanwhile recent private Kuwaiti investments in the Arab world have involved the Mohammed Abdel-Mohsin Kharafi company going into contracting and hotels in Yemen and aluminium fabrication in Egypt, and Musa'ad as-Salah and Sons investing in a cement company in Sudan (along with other Kuwaitis and the Sudanese Government). Investments by Kuw[...] private or public sharehold[...] companies involve the Ku[...] Hotels Company (50 per c[...] state owned) with assets [...] Sudan and Egypt, Uni[...] Fisheries with shrimping [...] based at several points alo[...] the coasts of Arabia and Af[...] and Kuwait Financial Co[...]

Yet there is only one pri[...] sector Arabian based comp[...] which has invested in [...] Arab countries on a big [...] over a long period of time, [...] this is the Gulf Internati[...] group, owned by the Kuw[...] Foreign Minister and his [...] and the Sudanese business[...] Dr. Khalil Osman. The gr[...] owns or has shares in [...] dozens of subsidiaries and a[...] ciates scattered over the A[...] world and Africa, the bigges[...] which are: Sudan Textile [...] dustry, the biggest industry [...] Sudan, which by the time [...] current expansion program[...] is completed at the end of [...] year, will have 12,000 [...] ployees; the Sudanese G[...] company, which manufactu[...] such products as beer bott[...] the Modern Match Produc[...] and Distributing Company, [...] Sudanese-Kuwaiti Packa[...] Company, the Medical [...] Sanitary Products Comp[...] making cotton wool [...] bandages from textile indu[...] by-products, the Afri[...] Plantation Company, grow[...] coton and sorghum, and Part[...] Board Industries.

All of these companies a[...] Sudan and were establishe[...] bought in the 1960s or e[...] 1970s. Recently the gro[...] attention has been focused [...] investing in hotels, mainly [...] the Meridien management g[...] owned by Air France. It [...] has hotels under constructio[...] operating in Khartoum, Ca[...] Beirut, Jeddah and Kuwait, [...] of which have been transfe[...] recently to the ownership [...] Sharjah registered company [...] exchange for a big tranche [...] shares in that company. A[...] from the hotel developme[...] there has been considera[...] activity surrounding the gro[...] participation in the Sudan [...] Kenana sugar plantation (al[...] with AIC and KFTCIC), tho[...] after having to invest increas[...] amounts of cash in the devel[...] ment of this project, and s[...] ing Lonrho, another sharehold[...] and one in which it owns a [...] per cent. equity stake, replac[...] as project manager, it now loo[...] as if Gulf will pull out [...] Kenana. Meanwhile the co[...] pany believes it it has [...] covered a sizable asbe[...] deposit in Sudan the onl[...] in the Arab worl[...] an[...] now entering a joint v[...] with John Manvi[...] of [...] and Quebec to exploit it[...]

**Michel[...]**

## Aid

CONTINUED FROM PAGE IV

co-operation, especially in co-financing projects. Most big projects tend to be financed by a group of aid institutions, which may include more than one Arab fund, one of the World Bank or UN funds, perhaps an industrial country's aid agency, and possibly a direct loan from an Arab state's finance ministry. In this way the burden of compiling the feasibility studies and handling much of the paper work can be shouldered by only one institution, and other organisations need only make outline assessments of the project. In this way such institutions as the Abu Dhabi Fund can become involved in a considerable number of projects without having to devote its management team's limited time to studying all of them in detail. A good example of a co-financed project is the vast Rahad irrigation scheme in Sudan where the Kuwait Fund's loan is supplemented by assistance from the International Development Agency (World Bank) the AFESD, the SFD and USAID.

Detailed discussions between the members of the big seven Arab funds are increasingly important in view of the interlocking nature of the multilateral funds' membership and the backing of the average project. But this cannot in itself solve the principal problem the funds are increasingly facing: that of inadequate executive capacity by the developing countries themselves. Not only are some of them unable to present a project to a fund with adequate detail, but they do not have the administrative capacity to get the project to the point at which work on it can start; in some cases it is found difficult even to identify projects. This means that it can take several years for a fund to put together an aid package for a project, and there is a danger that the better organised developing countries, which tend to be more wealthy, get more assistance because the funds find them easier to deal with.

**James Buxton**

# Differing trade requirements

…trade has always …when compared …le with the rest of …is only recently …League has made …comprehensive …dinate the activi- …ket of more than

…b terms, overall …s from the Econ- …l of the Arab …ished in its early …under the Treaty …ice and Economic …But it is an indica- …ouncil's problems …to convene until …53, and between …it was largely in- …or the first fifteen …istence, the Arab …rgely without an …or consistent …rdinating agency. …he importance of …the European …mmunity (EEC) …lost on the Arab …tudies were con- …t least 1957. In …e following year …Council approved …he concept of a …Economic Union, …s based on those …including one in …e formation of an …Market (ACM).

…Economic Unity …JC), as it was …ot set up until …le founder mem- …Jordan, Kuwait, …and the United …(Egypt). In the …Yemen and Iraq …AEUC treaty has …ratified by Sudan, …emen, the United …, Somalia, Maure- …Palestine Libera- tion.

…s standing in the …herent regional …y for the Arab …ays been as much …nomic. After the …d War, the …nial administra-tive frontiers hardened under the impact of nationalism into political frontiers. These, in turn, were protected by tariff barriers, and political rivalries encouraged. For example, maoy countries began to concentrate wastefully on their own programmes of developing import-substitution instead of co-ordinating the production of such goods. Furthermore the Arab countries' economic requirements differ enormously. Some possess mineral or agricultural resources, others little of either. In addition some have pressing population problems while others suffer from manpower shortages. Above all, until recently, the inadequate level of regional transport and communications hampered the development of internal and regional markets. When the crucial point is added that all Arab countriefs have been in the process of developing their economies, it is inevitable that regional trade should have been of considerably less importance than trade with the world outside.

Intentions were impeccable. The newly-established AEUC proclaimed its belief in five basic freedoms; namely to travel and transfer capital; the exchange of goods; to have work, residence and economic activity; in the use of harbours and airports; and in the rights of ownership and inheritance. Among the concrete aims of the signatories to the AEUC treaty were the establishment of a single customs entity, uniform policies and legislation covering exports and imports, and transport and transit regulations, and the conclusion of joint trade and payment agreements with non-Arab countries.

Article 2 announced the establishment of the ACM, with its activities to start from January 1, 1965. However, only the UAR, Iraq, Syria and Jordan signed the ACM treaty in August, 1964. Kuwait's National Assembly failed to ratify its signature. The original ACM agreement provided for a reduction of tariffs on agricultural produce by 20 per cent. a year, and on industrial products by 10 per cent. annually.

The ACM now has seven members. Sudan and Libya joined last June, and south Yemen in August. At the last session of the AEUC, Dr. Abdel-Aal al-Sakban, the Secretary-General, the said there were plans for the remaining members of the Arab League to join next year.

## Barriers

Inevitably, the ACM has fallen far short of its hopes of breaking down tariff barriers and opening the way to a free market. In theory, free trade exists among the original four members (the newcomers have asked for an initial 50 per cent. reduction on import tariffs and some restrictinns to protect infant industries), but Dr. Sakhan admitted in an interview that there are both import and monetary restrictions by members acting protectively. Furthermore, the ACM lacks the jurisdiction to prevent members States from passing legislation which infrioges market rules.

Last April, the AEUC preseoted a paper at a joint seminar with FAO in Cairo entitled "Economic Integration Organs in the Arab World and the Role of the Council of the (sic) Arab Economic Unity." In it, the AEUC acknowledges that the ACM agreement "bad been so ambitious that it ignored the real economic status of member countries," and one by-product was that member States with exportable surpluses exported these outside the ACM "on the pretext that the proceeds . . . are in foreign exchange." It added: "Although the quantitative and administrative restrictions had been abolished on trade among Market countries, still there is a fact that cannot be overlooked, namely, the trade sector, in three of the member countries has become a part of the public sector. This necessitated adopting restrictive policies as far as the volume, structure and tendencies of trade are concerned. The difference in cost structures bas pushed some countries to impose administrative restrictions with a view to protecting their industries. The different Customs duties and taxes imposed on imported raw materials and intermediary goods had been one of the factors among Market countries. This state in its turn had led Market countries to adopt protective measures contrary to Market resolutions."

It adds, that countries whirh had not yet signed the Market resolution had been motivated by two reasons: fear cf decreasing customs revenues and of harm which could be done to hudding industries. Nevertheless, during the ten years of ACM's existence the volume of trade has risen by 294 per cent.

A reasonably precise assessment can be made of the volume of inter-Arab trade as a whole (and amongst ACM members) thanks to a statistical bulletin put out by the AEUC comparing trade performance of all the Arab countries in 1970 and 1973. (The value of trade is harder to pinpoint because all figures are based on converting the trade returns of individual Arab countries into Arab dinars, whose exchance rate fluctuated over the years both against individual currencies and the U.S. dollar.)

In general terms, 8.3 per cent. of Arab exports went in both 1970 and 1973 to other Arab states and the ACM's share fell during this period from 2.3 per cent. to 2 per cent. (The ACM statistics deal only with Egypt, Iraq, Syria and Jordan.) On imports, trade within the Arab world fell from 10.2 per cent. in 1970 to 6.8 per cent. in 1973. The share of the ACM fell over the same period from 3.5 to 2.3 per cent. Trade within the Arab export market has been most active in the sectors dealing with leather manufactures, textile yarns, fabrics, and made up articles.

In 1973, 43 per cent. of exports went to the Arab world (10.1 per cent. within the ACM), compared with 32.3 per cent. in 1970 (8.2 per cent. to the ACM). This was followed by agricultural products. Here, 32.8 per cent. went to the Arab world (9.4 per cent. to the ACM) in 1973, while in 1970 a larger proportion, 35.5 per cent. had gone to the Arab world, of which the ACM had taken 13.8 per cent.

The third sector in which there is a sizeable proportion of inter-Arab export trade concerns, clothing, footwear, furniture. In 1973, 26.7 per cent. of exports went to the Arab world (of which 2.1 per cent. to ACM countries), whereas in 1970 47.8 per cent. had gone to Arab countries, with ACM countries taking 3.4 per cent.

## Imports

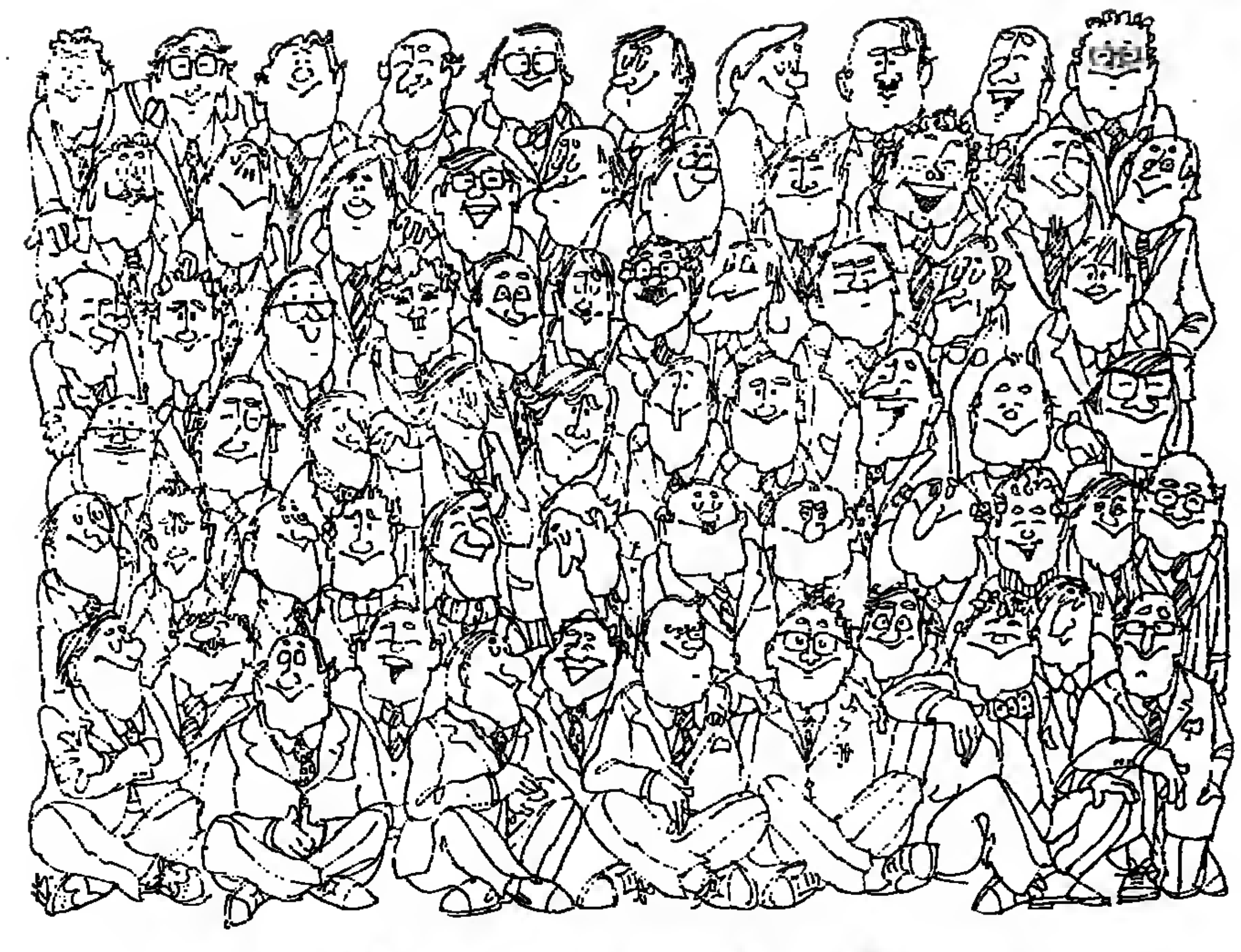
The areas in which inter-Arab trade is mainly involved in imports is smaller. In the sector of hides and skins, textile fibres, crude fertilisers, and minerals (excluding petroleum and its products) 15.7 per cent. went to the Arab world (of which the ACM countries took 6.8 per cent.) compared with 18.3 per cent. in 1970 (a mere 3 per cent. for the ACM countries). Where the sector involving clothing, footwear and furniture is concerned; 15.7 per cent; went to the Arab world (of which 6.8 per cent. to the ACM) in 1973, compared with 18.3 and 3 per cent. respectively in 1970. Thirdly, in the agricultural sector, the Arab world took 11.6 per cent. (ACM 5.5 per cent.) in 1973 compared with 20.3 per cent. in 1970 (5.6 per cent. to ACM). The overall picture as reflected by the 1970 and 1973 figures is that Arab world trade is on a low level and confined to unsophisticated industrial produce and agricultural products.

However, at an ACM meeting in Cairo last April, an optimistic view was put forward by the four members who maintained that through proper trade regulations they could increase their trade enough to become *self-sufficient*, at the first stage, in agricultural products and then, at a second stage, in such industrial goods as cement, fertilisers, paper and industrial products. But the AEUC as a whole takes a broader and more sober view. It argues that inter-Arab trade cannot expand on its own but relies on the increase in inter-governmental planning to prevent duplication of projects and programmes. The Arab League and the AEUC have also made a major attack on this problem by encouraging over the years the establishment and operations of specialised economic agencies dealing with a wide range of economic activities. The AEUC has under its aegis for example Arab companies dealing with mining, animal wealth, pharmaceuticals, food production, industrial investment. Others are being planned for tourism, trade and transport.

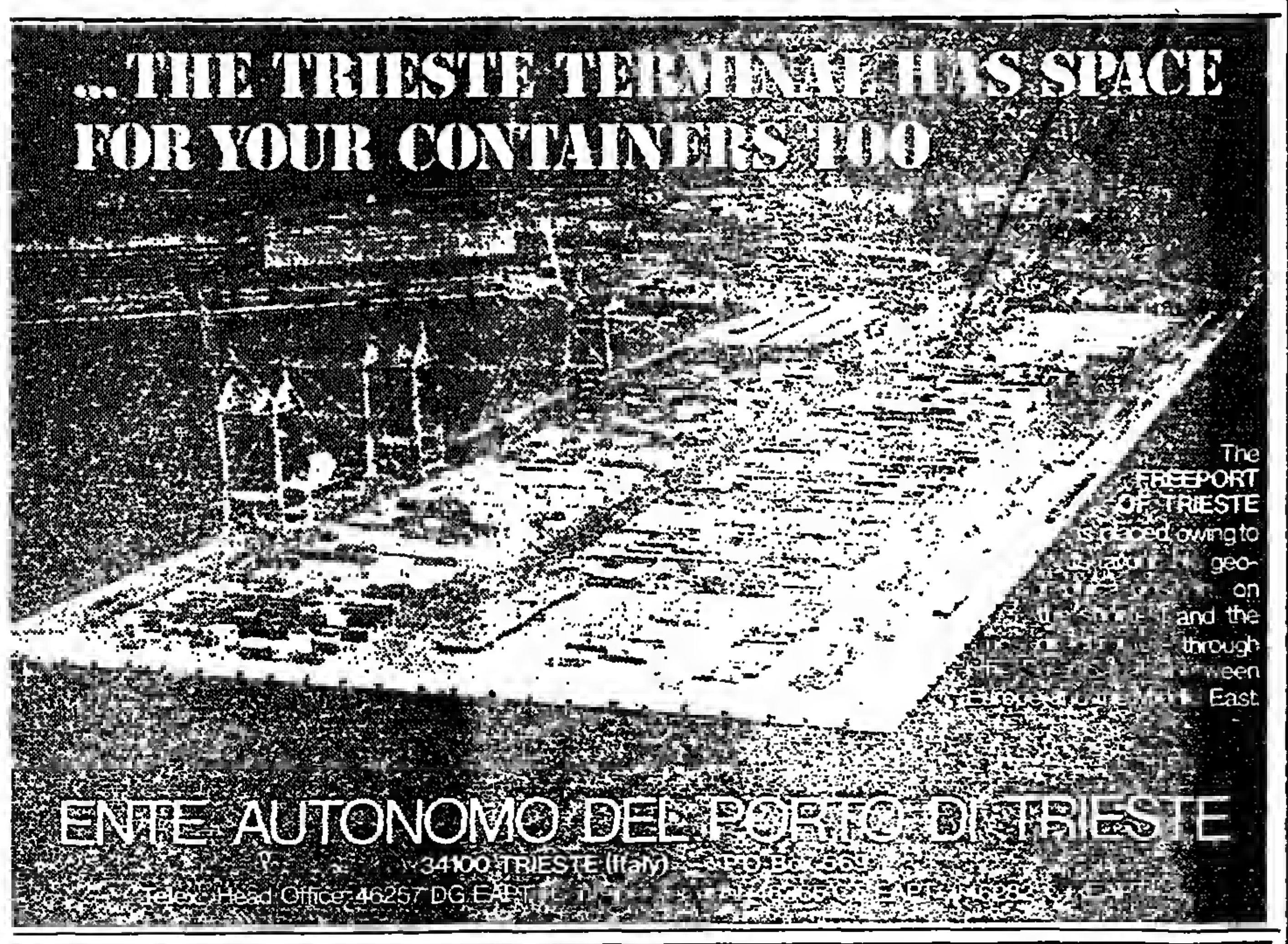
The AEUC has published a list of no less than 127 pan-Arab and bilateral organisation (of which two-thirds were set up in 1973 and after) including banks and finance groups, investment companies, production, and service companies and industrial and service federations. Out of this may eventually emerge a sense of economic community which could be controlled and co-ordinated by the Arab League. But as long as this remains a region of essentially developing countries with long term economic ties to the West, the chances of a marked increase in inter-Arab trade remains distant.

**A. McD.**

*Dubai's Creek is still a significant centre for transhipment to traditional coastal craft, and complements the State's impressive modern port facilities.*












# Euro-Arab talks need a boost

AT THE end of next month representatives of Governments of the Nine, the members of the Arab League and the European Commission are due to gather in Brussels for the third "General Committee" of the Euro-Arab dialogue. The three-day ambassadorial meeting is supposed to decide on the first concrete projects for co-operation, whose adoption will mark the opening of the dialogue's "operational" phase. The meeting's outcome will thus be a test of whether this slow-moving exercise in multi-lateral diplomacy is capable of yielding any substantive results.

## Progress

Progress to date has been disappointing, all the more so in the light of the expectations—even mild excitement—which attended the setting up of the dialogue a little over three years ago. In the tumultuous aftermath of the OPEC embargo and the sharp rise in world oil prices, it appeared to some to open up a path through largely uncharted territory which could lead to the forging of a novel kind of relationship between Europe and the Arab world.

The dialogue's origins are firmly rooted in political considerations on both sides. In early November 1973, while the West was still reeling from the early impact of the oil embargo, EEC foreign ministers announced plans to negotiate agreements with the coastal states of the Southern and Eastern Mediterranean. They also pointedly re-affirmed their commitment to UN Security Council resolutions 242 and 338, condemned Israeli occupation of captured territories and called for a just and lasting peace which would take account of the legitimate rights of Palestinians.

This initiative brought a positive response from the Arab summit conference later that month and in mid-December foreign ministers of the Nine and four Arab states met in the margins of the EEC's European Council meeting in Copenhagen. At the end of the meeting the European heads of government issued a declaration calling for negotiations with oil-producing countries on comprehensive arrangements to assist their economic and industrial development and promote industrial investments while ensuring stable energy supplies at reasonable prices.

In July 1974 the dialogue was formally opened in Paris, where it was decided to establish working groups of experts to draw up detailed preparations. The first of these met in *Cairo* in June 1975 and agreed on seven categories for co-operation. These were agriculture and rural development, industrialisation, basic infrastructure, financial co-operation, trade, scientific and technical co-operation, and cultural, social and labour questions.

Two further meetings of experts were held during the following six months.

The Cairo meeting in 1975 issued a joint statement which declared that the dialogue was "the product of a joint political will that emerged at the highest level, with a view to establishing a special relationship between the two groups." In the Arab view, this statement recognised their desire to inject an explicit political function into the dialogue which, they hoped, would lead to a more substantial engagement by the Nine in Middle East affairs.

The Nine, however, have proven increasingly wary of giving the dialogue an overtly political dimension, insisting that they were not prepared to go beyond already agreed positions on the Middle East drawn up in the framework of EEC political co-operation. Though they reluctantly yielded earlier this year to Arab pressure to establish a joint working group to deal with "general affairs" they are still refusing to set up a political committee as such. They have made it clear that they consider the dialogue's primary interest to lie in the field of nuts-and-bolts projects to promote economic and industrial development in the Arab countries while facilitating European commercial operations *in the Middle East*.

This caution stems partly from an awareness that the existing co-ordination of EEC foreign policies is tenuous and could be severely strained by any deeper political involvement in the Middle East.

Progress in the dialogue's more technical chapters has been unimpressive so far. Some European officials blame this on disorganisation and lack of agreement on the Arab side. But economic self-interest and commercial rivalry among the Nine have also played their part. None of the European governments is keen to encourage the rapid development of Arab industrial competition in sectors like petro-chemicals and steel, while several of the Nine are less than eager to embark on co-operative projects which might foreclose attractive business opportunities in the Middle East for their own National companies.

European interest in co-operation appears to lie principally in contributing technological expertise to joint ventures, for which the financing would be provided by the oil-exporting nations and the raw materials and labour would be furnished by the poorer Arab states. The Arabs, on the other hand, are seeking a substantial transfer of European industrial and technological capabilities, together with a commitment to improve access to the EEC market for their present and future exports.

## Demands

One of the major Arab demands remains a global preferential trade agreement with the EEC. This, however, is unacceptable to the Community, which is firmly wedded to its policy of bilateral trade arrangements with individual states. It has already concluded such accords with about half the Arab League countries as part of its Mediterranean policy and there is little European interest in extending similar treatment to the others, whose exports to the EEC anyway consist largely of crude oil.

Some preparatory w[...] been carried out on [...] operation projects, [...] the drafting of a [...] code for the protectio[...] vestments, an agr[...] development scheme in[...] rules for protecting th[...] environment, the est[...] of a joint technologic[...] in Tunis and the defini[...] standard commercial [...]

A final decision has [...] be taken on the fina[...] feasibility studies, [...] which little further w[...] can be done on spec[...] projects. The Arab gov[...] have agreed in princip[...] up $15m., though they [...] yet agreed on the m[...] through which the [...] should be made availa[...] has been some under[...] irritation on the Arab [...] the Nine have offere[...] tribute only $3.5m. [...] them, and that avail[...] until the end of the [...]

It is perhaps inevit[...] such difficulties shou[...] attempts to establish [...] relationship between t[...] of governments which [...] ded not only by impor[...] tical, economic and [...] differences but also [...] themselves. The Nine [...] way from an agreemen[...] with a single voice [...] East affairs and are [...] cases suspicious of ea[...] economic and [...] motives. While the 20 [...] in their attitude to[...] Arab-Israeli conflict, [...] nmic positions and [...] very widely.

Unless a way can b[...] bridge some of the [...] gences, prospects fo[...] the dialogue into a [...] vehicle *for co-oper*[...] tween Europe and [...] world will remain mo[...] out a deeper comm[...] achieve progress, *the* [...] *determinant of the* [...] future could become [...] tion of its ability t[...] constructive results [...] political embarrassm[...] would *be felt on both* [...] were allowed to grind [...] plete halt.

**Guy de Jo[...]**

# Tensions decline in Afro-Arab relations

THE ARAB world has been through some traumatic moments in its relations with the African countries in the past five years. Arab diplomats persuaded black African states to align themselves with the Arab countries against Israel between 1972 and 1973, but it was not long before the African states were expressing bitter disappointment at what they saw as the poor economic and political payoff. The Cairo Afro-Arab summit in March this year did much to improve relations, but many tensions remain.

The Arab and African states have a great deal in common. They are all third world developing countries and the African and Arab worlds overlap: as President Anwar Sadat of Egypt pointed out at the Cairo conference 80m. of the 130m. Arabs live in Africa, and eight (now nine including Djibouti) members of the Arab League are also members of the Organisation of African Unity. Islam *penetrates* into *Africa* far beyond the Arabic speaking regions. But because of their oil wealth the Arab states have considerably greater economic power than the African states, and most of that wealth is concentrated in Arab Asia. Oil has made low-population oil-producing states like Saudi Arabia *heavily dependent* on the Western economic system and has made it difficult for the sub-Saharan African states to regard them as equal third world countries.

Only recently have the historic suspicions between the Arab states and the sub-Saharan African states been broken down to any extent. In hard terms the Arab states in Asia tend to look on sub-Saharan Africa as an area which can play a long range strategic role in the conflict with *Israel*, and as a potential source of raw materials and labour. For their part the African states regard the Arab states as a source of oil, a source of economic aid and a potential fund of political support in the southern Africa conflict area.

The latest chapter in Afro-Arab relations began early in the 1970s. During the previous decade Israel established a considerable presence in Africa and had such close relations, especially in the fields of technical and military co-operation, with almost all non-Arab African states that during the 1967 war only Guinea broke off relations with it. But in 1971 an African peace mission in the Middle East led by President Leopold Senghor of Senegal failed and the Senegalese leader early next year blamed Israel.

The breakdown of the mission was probably a turning point. It was exploited by Egypt, Saudi Arabia and Libya, whose diplomatic efforts succeeded in persuading Uganda, Chad and Congo to break ties with Israel by the end of 1972. Niger, Mali and Burundi followed early in 1973 and shortly after the Non-aligned Conference in Algiers in September 1973 Togo and Zaire followed suit. *Then the* Middle East war broke out on October 6 and by mid-November 19 other countries had broken with Israel, bringing to 36 the number of OAU members which had never had or no longer had relations with the Jewish state. For some countries with close ties with Israel — notably Ethiopia, Ghana, Ivory Coast, Kenya, Zaire and Zambia — the decision was painful, especially since the Arab states could not match the technical assistance—as opposed to financial aid—provided by Israel.

## Factors

Several factors played a part in the decision, among them the growing African belief that the position of Israel was analogous to the position of the white states in southern Africa and the desire to see the Arab states adding to the isolation of southern Africa in return for their agreeing to isolate Israel. Some writers have argued that the Israeli crossing of the Suez Canal on October 16 was a psychological breaking point — an invasion of African soil. The need to try to be on the right side of the Arab states in order to ensure steady oil supplies was not originally a motive: the damaging nature of Arab oil sanctions did not become clear until after most African states had broken with Israel.

In the post-war excitement the OAU Council of Ministers passed a resolution in November equating Zionism with Apartheid and pressing the Arab states to ban oil exports to South Africa. A few days later at the Arab summit in Algiers the Arab states imposed an oil embargo on South Africa, Rhodesia and Portugal. They also decided to adopt "special measures" to provide the other African states with oil, and to set up the Arab Bank for the Development of Africa (ABEDA) and a special Arab fund for Africa. An Arab Fund for Technical Assistance to Africa was also to be set up.

This high point in Afro-Arab relations was short-lived, however. By the end of the year the oil price had been quadrupled, administering a serious blow to many developing countries, especially those in Africa. The rise in oil prices promised to make developing countries' manufactured imports from the developed world far more expensive, and the resulting recession was clearly going to affect the price African states obtained for their raw materials.

The only exceptions were the African oil producers, Nigeria and Gabon. Nigeria, along with the Sahelian states, form something of a bridge between the Arab and African world, having a half Muslim population.

African gloom deepened during 1974. The Arab financial institutions were slow to get off the ground and start disbursements. Because of the nature of the oil market the Arab oil producers were unwilling to sell oil at concessionary prices to needy countries, and they were reluctant to provide direct balance of payments support (though exceptions [illegible] were made on a bila[...] for Arab-African oil [...] such as Sudan). The [...] broadly took the [...] assisting the develop[...] was a problem for [...] dustrialised countries [...] as developing countr[...] selves they needed to [...] much money as possib[...] own economies. The [...] states complained of [...] third world solidarit[...] Arab states, of large [...] with Israel and the [...] consumption and [...] the West by the [...] states.

## Capital

But by the end of [...] first loans [...] Special Arab Fund [...] (SAFA) were beg[...] reach African states [...] had an authorised [...] $200m. and the [...] deemable over 25 ye[...] ing 10 years of gr[...] interest rate of 1 [...] Ethiopia and Tanzani[...] the largest sums ([...] $14m. each) and [...] years of being set [...] had allocated loans [...] $171m. to 33 Afri[...] African states also [...] from the IMF's oil [...] which Arab count[...] tributed.

ABEDA was a lit[...] to become establishe[...] of the complex [...] development funds [...] not until January, [...] the document estab[...] was drawn up. It [...] headquarters in Khar[...] a subscribed capital [...] and within 15 mo[...] approved 18 loans [...] $124.5m. for financin[...] in 19 African states [...] concentrated initially [...] structural projects [...] soon into energy an[...] tural projects as we[...] now agreed more tha[...] totalling more than [...] December 1976. ABE[...]

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# Boycott carries on regardless

T year has seen the hallenge yet to the cott of Israel in the S. legislation aimed at : discriminatory prac- merican companies in with the require- foreign trade embar- relevant amendments xport Administration :ened a confrontation of strength that could ied both sides. In the they emerged from in the summer for Carter's signature, the should make it pos- U.S.-Arab commercial :o continue, although depend on the man- :cb the administrative s are applied.

r, if the U.S. peace for a Middle East is maintained over g six months the Arab anctions against Israel abit deeply ingrained rab psyche—will be o fundamental ques- ideot Carter has made it he shares the Israeli peace as a practical :e including open he free movement of ods and services, and mmercial intercourse pt which the Arabs lutely opposed since ct began and even

## boration

ally, the boycott is oldest forms of pan- boration. At the end nly a year after the of the Arab League membership was to Egypt, Syria, raq and Saudi Arabia esolved to put an upon "Jewish" meaning those that ;factured by Jewish in Palestine. The year, before the tablishment of the srael, the definition was adopted and it used ever since. In as decided to set up al Boycott of Israel Damascus with n the Arab countries e then independent. hen the headquarters etwork were opera- original blacklist was

its headquarters in the Central Boycott Office is responsible nplementation of the nder the direction of mmed Mahgoub, the mer-General, an who has held the post beginning. Respon- e central bureau are al ones, which super- vance of regulations, pitals of all the mem- of the Arab League. rt of the boycott are accredited diplomats elsewhere in the Arab world who constitute an intelligence gathering system and can also fulfil an intermediary function in relation to companies trying to obtain removal from the embargo. The regional commissioners meet twice yearly under Mr. Mahgoub to discuss and decide general policy as well as judging the fate of concerns or people whose names are placed on the black list and those seeking removal from it.

The boycott has never attempted to prevent visible exports as such—even if it has been happy to see them inhibited—apart from goods reckoned to be of strategic and military significance. Even so, companies supplying some items of heavy capital equipment have found themselves endangered. The aim is to prevent international business from contributing capital investment or know-how. The most clear-cut qualification for black-listing arises from the establishment of a subsidiary in Israel, investing in a joint venture with local partners, the provision of technological expertise and the supply of goods for local assembly.

Exploration for minerals and becoming the agents abroad for an Israeli company or being a large importer of Israeli goods can invoke the embargo. Shipping goods to Israel or transporting Israeli products can expose foreign companies to black-listing. Boycott regulations also specify the provision of loans to Israel, the distribution or promotion of Government bonds, the making of films promoting Israel or projecting a bad Arab image, and donation of money to Zionist causes. Companies with directors belonging to Israeli Chambers of Commerce in third countries can also be victimised.

In practice, boycott rules have been applied with flexibility at the convenience of Arab countries collectively — with varying degrees of strictness in individual ones—and somewhat arbitrarily as well. Manufacturers of arms which the Arabs want are the most obvious exceptions — companies like McDonnell Douglas (suppliers of Phantoms to Israel) and General Electric (providers of engines for the Kfir fighter). In the sphere of civil aviation Boeing is similarly exempted.

Before British Leyland was finally removed from the black list in 1976, Arab States had purchased Land Rovers for military and internal security forces. Iraq even placed a large order for Leyland buses in 1974.

Xerox machines are to be found in the Arab world though the company was "black-listed" in 1966 for making a film sympathetic to Israel. Coca Cola is produced in Algeria and Tunisia despite the fact that it was embargoed in the same year for setting up a bottling plant near Tel Aviv. Chase Manhattan, which handles Israeli bonds in the U.S., has never been boycotted and for many years has been one of the financial institutions most favoured by the Saudi Monetary Agency.

In the U.S. much of the pressure for tougher legislation was built up on account of discriminatory practices against Jews. Although the General Principles of the Boycott of Israel do not include any religious or ethnic criteria for black-listing requests for information about the religion of companies' personnel have not been infrequent in the past, especially from Saudi Arabia. However, publicity and protest in the U.S., as well as diplomatic persuasion, have had their effect. Out of nearly 170,000 boycott-related requests reported by U.S. companies to the Commerce Department in the 12 months up to October 1, 1976, only 15 were classified as discriminatory on the basis of race, religion or national origin. Moreover Saudi Arabia has now ceased to inquire about the religious affiliation of visa applicants.

It is easier to get on the blacklist than off it. Almost invariably a company will be asked to sever the connection with Israel which the Boycott Office originally objected to. Personal contacts can be important in creating better understanding and facilitation visits to the Damascus headquarters. But payments to the boycott's officialdom does not work and would be counter-productive. Basically what is demanded is evidence that the embargoed company has complied with the demands. Even when these are satisfied there can be deliberate delays in the removal process for those deemed to have grievously sinned in the eyes of the embargo.

The case of Barclays Bank highlighted the uneven and arbitrary application of the rules. At the 40th conference of the regional commissioners in Baghdad last October it was placed on the blacklist one year after it had been warned. Its branches there had been tolerated because they long predated the creation of the Jewish State and had served Palestine under the British Mandate. But a new situation was reckoned to have arisen when it merged them into a joint venture with the Discount Bank of Israel.

## Conference

Barclays Bank was removed from the black list at the 41st conference in Alexandria in May of this year after what seemed an unprecedentedly short time. Mr. Mahgoub explained that the ban had been lifted because the group was found to have made available finance to the Arab world which easily outweighed its Israeli activity. Also cleared was Humphreys and Glasgow, the U.K. process-plant manufacturer which had been boycotted in 1968 on account of a contract to build an ammonia plant in Israel. It is a company which could well be of use to development plans of the Arab oil producers—all the more so if the U.S. legislation made it impossible to do business with the Arabs.

In 1975 some kind of understanding was reached at a boycott conference to the effect that an embargoed company might qualify for removal without liquidating its stake if it made a greater contribution to investment in the Arab world. This line was much favoured by Egypt with its anxiety for foreign investment. It also appealed to British Leyland and Ford which believed that in this way they might get clearance without going through the great difficulties of disengaging themselves from Israel.

Mr. Mahgoub has consistently made it clear that he was opposed to this relaxation of economic sanctions and has called for intensified implementation of boycott regulations. British Leyland was eventually cleared despite an on-going commitment to supply its old Israeli assembly lines with knocked-down-parts. Meanwhile, it has been made clear that the re-opening and expansion of Ford's intended plant at Alexandria in Egypt depends upon prior removal from the boycott list.

At the past two conferences the main preoccupation has been the new U.S. legislation. When the compromise amendments finally emerged the judgment of the American business community was that they would make difficult if not impossible commercial relationships other than the export of simple products, especially the undertaking of large and complex projects in Arab countries. The administrative regulations have yet to be published and the ambiguities in the Export Administation Act are still causing confusion.

Absolutely critical is whether or not Arab countries will be prepared to accept "positive" certificates of origin for goods and components (specifying where they came from) rather than "negative" ones (stating that they do not come from Israel) which hitherto have been insisted upon by the Arabs but are expressly forbidden by U.S. law. Looking ahead—optimistically—it seems that the Arab countries would abandon the embargo as part of a peace settlement. Indeed, that must be a necessary precondition of peace as far as Israel is concerned. Much more problematical, hypothetical and far in the distance are the chances of most Arab countries entering into normal trade dealings with Israel.

**Richard Johns**

## ...lations

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...rd institution set up at f 1973 to help African the Arab Fund for Assistance to Africa, authorised capital of as slow to gain sub- and appears to have ost totally dormant. ition to these multi- ds specifically devoted both the established -formed Arab project is began to assist ountries, as described icle on Arab aid. The und began to assist states in 1974, and the i Fund followed suit . The Saudi Fund for ent, set up in 1974, iscriminated against states. The Islamic ent Bank, set up in lps Islamic states in s well as elsewhere. ve large sums of aid ateral basis. In 1974 ilateral aid commit- African states totalled e biggest beneficiaries to be Sudan, Somalia, a and Zaire, the first ing members of the gue as well as of the

disbursements by the id funds were naturally arrive than the com- . and impatient states may have over- he fact that many of nds were setting up the first time, and that id is by its nature slow e and slow to disburse. disappointment of the countries was that apart contributions of SAFA, ent only a small way to cover the increased cost of oil imports, there was no direct balance of payments support from the Arab states.

These issues came to a head in the preparatory sessions of the Afro-Arab summit in Cairo in March this year. Initially, Tanzania proposed the creation of a fund worth $2bn. to be at the disposal of the African states for the next five years. But the Arab states, despite raising the capital of ABEDA to $500m., said they could not offer more than $500m. over the next five years, taking into account their existing bilateral obligations, already estimated at several hundred million dollars.

## Development

But when the Summit itself opened Prince Saud al-Faisal, the Saudi Foreign Minister, announced that the Kingdom would give $1bn. for "economic and social development" in Africa. Of this $120m. was to be added to the capital of ABEDA, $10m. would go to the African Development Bank (founded in 1964 and based in Abidjan); $16m. for feasibility studies; and $2m. for the OAU Liberation Committee. Kuwait next day followed suit, offering $200m. in soft loans, $20m. to ABEDA, $10m. to ADB and $10m. for feasibility studies. The UAE said it would give the Abu Dhabi Fund $100m. for African projects, and give ABEDA $40m., the ADB $10m., feasibility studies $5m. and liberation movements $2m. Qatar promised donations, similarly divided, totalling $97m. Libya promised $2m. to the liberation movements but said it would also contribute "arms and blood."

This brought the amount pledged to about $1.5bn., which delighted the African states. They were further satisfied by the subsequent Cairo declaration, which included a blanket call for liberation of Palestine, Zimbabwe, South Africa and Djibouti, and for the stepping up of the oil embargo on southern Africa. A declaration on economic and financial co-operation was made, concentrating on four particular projects: a trans-African road network, evaluation of natural resources in Africa, a pan-African telecommunications network, and the creation of a data bank.

The summit left both sides with the declarations which they wanted, and brought promises of greatly increased Arab aid for Africa. But it was clear that not all the money could be mobilised quickly: in fact it has been estimated that only $250m. is readily available — the contributions to ABEDA (whose capital was finally boosted to $886.5m.), the contributions to the ADB and the fund for the study of projects. The rest is likely to work its way slowly through the various development institutions, and the question of how an African State obtains access to the bulk of Saudi Arabia's immense contribution has been left vague. As is explained in the aid article there are considerable constraints on fast disbursements by project aid funds, both on the side of the fund and the recipient country.

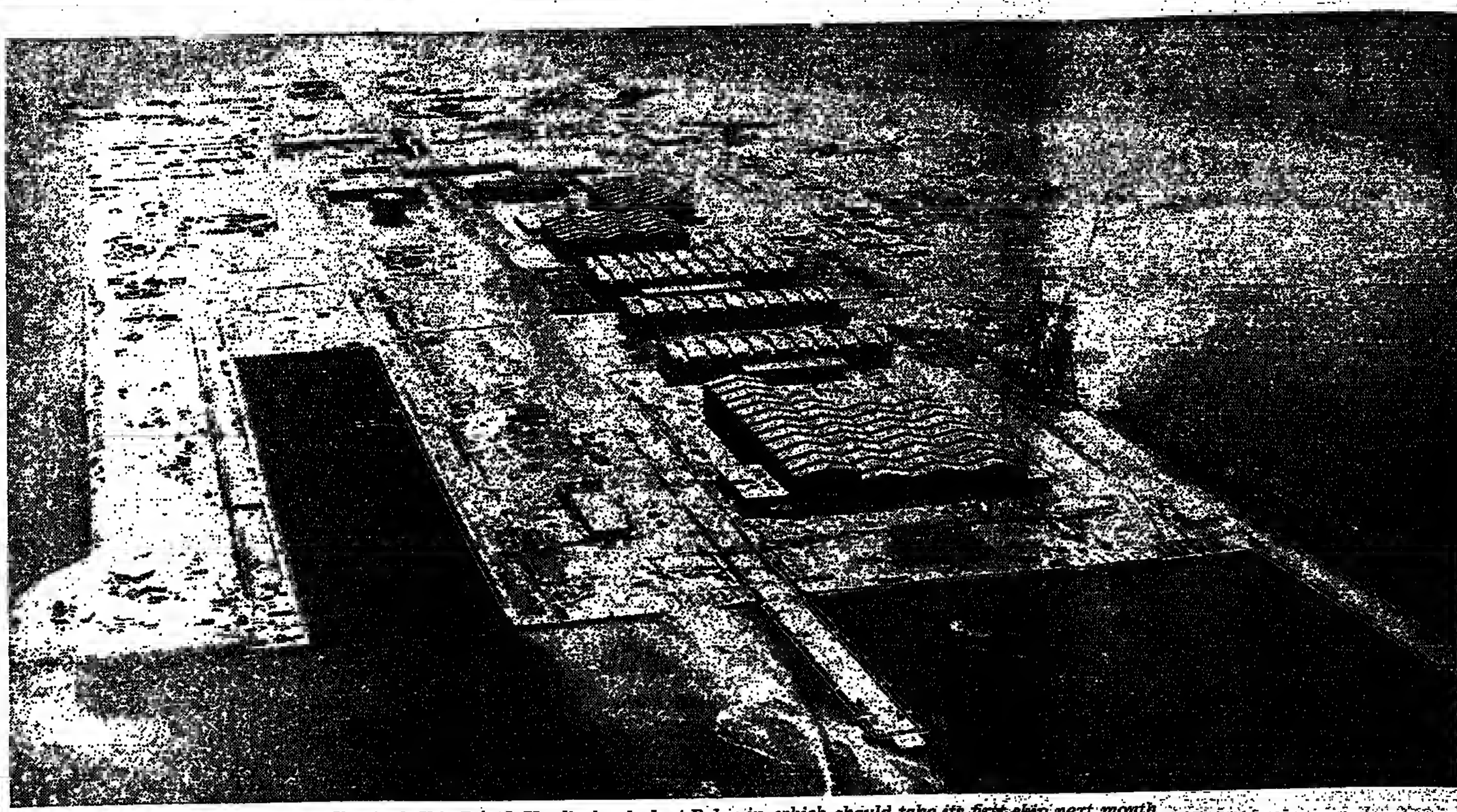
The refusal of the Arab States to provide direct balance of payments or budget support (which would absorb almost unlimited and uncontrollable amounts of cash) could lead to a reiteration of some of the criticisms which the African States have made of the Arab oil producers. The fact that the Arab policy on southern Africa is unlikely to have a decisive effect on the outcome there could lead to frustrations. There are also other potential sources of tension: the principles at stake in the dispute between Morocco, Algeria and Mauritania over Western Sahara; the territorial quarrel between Libya and Chad; and above all Arab policy in the Horn of Africa, presently one of the two most volatile regions in the continent (the other is South Africa).

But if there are tensions in Afro-Arab relations, there are also considerable bright spots. Arabs are gradually getting to know several African states better, and investment projects, such as in Zaire, are introducing a new kind of Arab to Africans to supplement the long established Lebanese and Syrian traders. The reconciliation between the Arab north and African south of Sudan, achieved by President Jaafar Mohammed Nimairi in 1972, still holds, despite all the underlying tensions. The memories of the Arab role in the East African slave trade are fading away.

**James Buxton**

# ARAB COOPERATION AND DEVELOPMENT X





The Arab Ship Repair Yard's dry dock at Bahrain, which should take its first ship next month.

# Pan-Arab ship repair yard nears completion

THE FIRST Pan Arab industrial venture, a dry dock to repair and service very large crude carriers, is now virtually ready to start commercial operations some ten years since the idea was first mooted and two years since construction was started. The management of ASRY, the Arab Shipbuilding and Repair Yard, is rather self-consciously reminding itself to talk of "the yard" rather than "the site."

The first ship is expected to enter the ASRY dock in October though the official opening is scheduled for Bahrain's National Day, December 16 when the Emir of Bahrain, Sheikh Isa bin Sulman al Khalifa will carry out the inauguration ceremonies. It was in November 1974 that Sheikh Isa, together with Saudi Arabian Oil Minister, Sheikh Ahmed Zaki Yamani laid the corner stone.

Sheikh Yamani first floated the idea of a dry-dock as the first joint project for the Organisation of Arab Petroleum Exporting Countries in 1968. At that time Saudi Arabia was a founder member of OAPEC and together with the other two founder members, Libya and Kuwait, it sponsored the original feasibility studies.

In the late 1960s the commercial prospects for the dry-dock seemed to be excellent which added to the attractiveness of what was fundamentally a political project. With the closure of the Suez Canal it seemed inevitable that a large number of VLCC's would be built while there were few yards that could maintain or repair them. Then there were no such facilities on the prime oil routes, Gulf to Japan and Gulf to Europe.

Originally, the plan was to site the yard at Damman on the Eastern coast of Saudi Arabia, but eventually it was decided that the location should be Bahrain. One compelling factor in favour of Bahrain was the availability then of relatively educated, adaptable labour. Saudi Arabia, which has always taken a close and generous interest in the progress and stability of Bahrain, pushed in favour of the island in preference to Dubai which was also being considered. As a result Dubai left OAPEC and is now proceeding with its own dry-dock project although the United Arab Emirates, to which it belongs, is one of the seven OAPEC shareholders.

The shipping picture radically changed in the six years it took OAPEC to finalise the project, find managers, appoint consultants and a main contractor.

## Facility

Now, while some 700 VLCC's a year pass through the Gulf, there is a dry dock facility at Singapore on the Japan-Gulf route. Dubai has a massive dry dock under construction but without the all-important management services secured, and Iran is constructing a dry dock facility at Bandar Abbas (which it is thought will largely be for military use). As it is, the oil freight business has still to reach rock bottom. "But even though so many shipowners are in trouble and even though there are so many shipyards, ASRY is still in the best position," asserts Sr. Antonio Machado Lopes, ASRY's general manager.

Commercial viability, fortunately, was never a prime consideration of the original shareholders. The project's main attraction when it was first mooted was that it represented a downstream investment in the oil industry. The company is financed by low-interest loans from OAPEC member States and for an indefinitive period after commercial operations gets under way, hopefully in October, losses are envisaged.

However, ASRY's fortunes are not totally tied to the oil shipping world. "We can also subcontract steel work, perhaps for the bridges of the proposed Saudi-Bahrain causeway, or work on refinery maintenance," comments Sr. Machado Lopes. This, though, will be small beer compared with work on VLCC's.

The other factor which has radically changed since the project was first conceived is the employment situation in Bahrain. The post-oil price increase economic boom came to Bahrain rather later than to the other Gulf States but was no less productive in terms of both employment and wealth. It was helped along by the creation of an offshore banking market with the prospect of attractively paid and clean desk jobs.

## Expatriates

In October ASRY will be employing about 1,000 people, the majority of whom will be expatriates. From general foreman level upwards the management is largely Portuguese or English: the actual shipyard workers have mostly been recruited from the Philippines and the Indian sub-continent. There are, however, about 250 Bahrainis currently working or under training with ASRY.

"It is economics that drives people to work in shipyards," observes Sr. Machado Lopes, adding that the people with the level of English required by ASRY can easily find cleaner, less physically demanding jobs (though not necessarily better paid) than those offered by a shipyard. ASRY has not yet extended its recruiting campaign into the villages, which do not share all the urban prosperity but where the knowledge of English is likely to be low.

The net effect of the new labour situation is that plans for "Arabisation" of ASRY will inevitably be implemented more slowly. The desire to show that Arabs can successfully run industrial projects was another political motive behind the creation of the dry-dock. Initially the plans are that the yard should be wholly run by Arab nationals (not necessarily Bahrainis) within about ten years of its commercial opening.

But recruitment of Arabs with the right qualifications and background is likely to be difficult. A recent pan-Arab recruiting campaign produced a couple of thousand replies of which one-tenth of applicants were suitable for interview. But apart from educational qualifications another vital consideration has concerned Arab nationalities. Some are more acceptable in Bahrain (and Saudi Arabia) than others.

In the meantime, senior ASRY managers believe that the company's shareholders will be realistic, in private at least, about implementing "Arabisation." So far it seems that Bahrainis and other Arab nationals have taken more readily to personnel and finance work at the white collar level. At yard level the Bahrainis under training seem to have a natural aptitude for electrical work.

ASRY as a company was formally incorporated under Bahrain law at the end of 1974. Its first chairman is Mr. Majid al Jishi, the Bahraini Minister of Works, Power and Water. The management of the company so far has been principally recruited from Lisnave, the Portuguese shipyard, which assumed the management contract early in 1974 and which is now still active in a consultancy capacity, apart from providing senior managers like Sr. Machado Lopes.

It is arguable that the appointment of Lisnave as project managers, one of the world's leading ship repair yards, made this pan-Arab project seem more credible than many others. One ex-Lisnave senior ASRY manager ventures the notion that, among other factors, Lisnave won the contract because of the comparative youth of its management which was sympathetic to the comparatively young Arabs promoting the project.

The management contract which Lisnave signed covered the construction period and runs until 1984. Lisnave now has an "overseer" role with ASRY which can call upon its technical and managerial resources. "If necessary Lisnave can provide us with a complete docking team," says Sr. Machado Lopes, and ASRY is likely to use such a team for the first few ships that will dock. Establishing operational credibility early on is vital.

## Impressive

The second impressive factor in the history of ASRY so far is the speed and competence with which the dock has been constructed. Hyundai, the South Korean company, was relatively unknown in the Arab world until it won this contract but has managed to use it as a base to spread out into the Arabian peninsula. It has won the contract for the multi-million dollar Jubail port development on the Eastern coast of Saudi Arabia, for example.

While Hyundai was not able to complete the project by its original scheduled date (July this year which was probably an unrealistic target), it has met all other deadlines. The completed dock was flooded in May this year after 2,000 Koreans had laboured day and night, seven days a week to build the 375 by 75 metre, 12 metre deep dock on the ½m. square metre artificial island they had created 7km. off the coast of Muharraq, Bahrain's second island. (Construction work abroad is an alternative to conscription for South Koreans.)

The yard is virtually operational. Initially, however, it will start offering only the simple services in the early stages, while ASRY's affiliate tries to persuade tanker owners around the world to use it. An Arab Shipbuilding and Repair Yard Marketing Service is set up in London for this purpose. Fourteen agents in the major tanker owning countries of the world have been appointed and held their first meeting in Bahrain in June this year.

Chairman of Asrymar is Mr. Gifford Rossi who has been with the project since its inception. He and Mr. Michael Ratcliffe, managing director (as well as ASRY senior management itself) have been persuading agents and tanker owners to service their vessels at the ASRY facility basing their campaign mainly on location and capability.

"Our equipment is among the best available in the world," asserts Sr. Machado Lopes. "We have the best heavy engineering capability in the Gulf." And the location of ASRY, roughly half way up the Gulf, is superb, argues Mr. Rossi: "when the tankers reach Bahrain on their ballast voyage to the oil terminals, they are in a much better condition for servicing than they are at the discharge ports," he says. The long journey to the Gulf means that the tankers should arrive virtually gas free and so safe for cleaning.

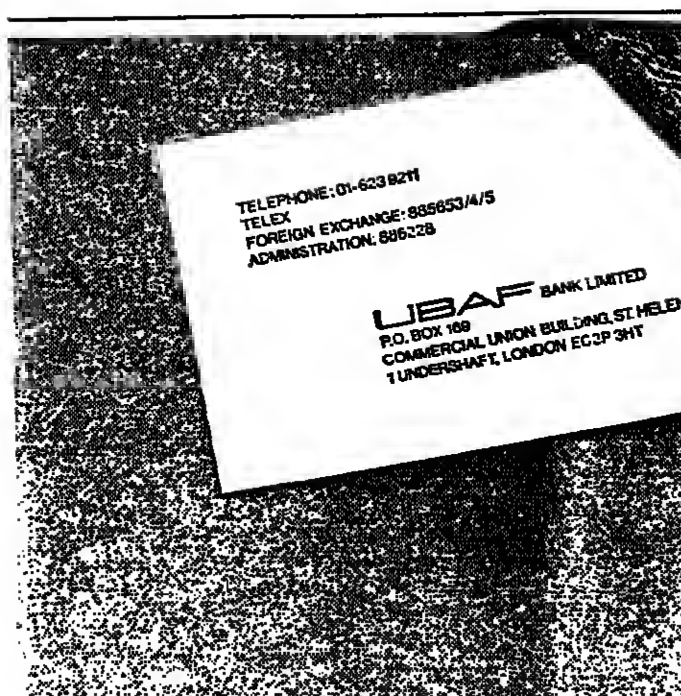
The rapid development of Bahrain as a business centre, largely due to the establishment of the offshore banking market, has also given an added advantage to ASRY. It claims to be the only shipyard situated 10 minutes from an international airport at which all major airlines call. This central location should be [illegible]tant both for the impo[illegible] spare parts and specialis[illegible] sonnel.

ASRY's first vessel is [illegible] arrive sometime early [illegible] October. As yet the ya[illegible] not committed itself to [illegible] docking schedule because [illegible] importance of establ[illegible] credibility early on. But [illegible] while it has yet to servi[illegible] first tanks, plans for the [illegible] are being made.

A second dry dock is [illegible] discussed and is likely [illegible] implemented if (or [illegible] Dubai's dry dock compl[illegible] comes operational. On[illegible] always envisaged in the or[illegible] plans and should be rel[illegible] easy to construct. The [illegible] tional capital could be rai[illegible] a bond issue. Already m[illegible] the bankers with offshore [illegible] based in Bahrain have [illegible] the idea of raising the [illegible] sary finance in this way.

**Doina Th[illegible]**










هكذا امد الأصل

# Telecommunications pose problems

could receive, as meetings which to-day, the most term boost it has Second World Arab Satellite ations Organisa- at) is meeting which company the technical con- act which will lead o the Arab coun- he first regional have their own nly for telecom- and educational one hand, this es the possibility rabs improving r communications themselves and the world and, ckling educational problems. On nd, if used un- t contains all the spreading revolu- n that Nasser's Arabs did in an t in a more com- d efficient form. trony, indeed, if hould be consoli- a device 23,000 ace rather than cians and organi- rth!

t that the Arab have their own been under study rs. Initially, the erated mainly by ates Broadcasting ) with an eye on 's made little pro- be Arab League onsibility for the e more commer- nal Arab Tele- s Union (ATU), ial formation in has been particu- ttention paid to ent of satellites days of Intelsat I . The ATU re- ance in early he International ations Union its regional plan- theos, and from de Cables Sous- e Radio, which puter studies on ATU.

## ...tions

s of negotiations early that indi- states were well could be at stake this imaginative Initially Lebanon was before the ar—showed great se of the satellite's potential. There- and enthusiasm divided between tes in the east of d, and the Magh- Libya, for the ence which would having a major project. At one k of co-ordination Arab states was Saudi Arabia and contemplating their projects. of the successful it meeting in coincided with the that an Arab llite project was indeed, it is esti- t could pay for years. Meetings aegis of the Arab April last year to ment of Arabsat. al challenge from s decided that its would be in

contributors of $100m. organisa- i Arabia, $26.5m. servers reckon that provides as much t of the capital), Egypt, $10.4m., and the United (UAE), $6.6m. ely, too, to be the Arabsat and have ats on the Board. Oman and Tunisia members for two

hree meetings of failed to produce on the politically- ition of Secretary- vever, this has not anisation back for n. Dr. Ibrahim udi deputy Com- Minister, has dynamic, issuing ions for tender in iftly than had been expected by companies interested in winning the contract.

Arabsat will consist of two satellites hovering over the western area of the Arab world and one on the ground as standby. On the ground there are to be two control centres (in Saudi Arabia and Upper Egypt) for political and security reasons.

The aim of the satellite project is to strengthen telephone, telegraph and telex communications and to enable exchange throughout the Arab world of radio, television and educational programmes. Because the satellites—unlike Intelsat—will be concentrating on a particular area the increased signal strength will permit transmissions to small terminals in even the remotest areas. The intention is that there should be about 6,000 telephone circuits and seven television channels. On the ground, in addition to the control stations, the system is to consist of microwave relays and computers, a training centre and a research laboratory. The cost of the space segment is estimated at $100m. and almost as much again for the main ground systems. The individual governments will be responsible for all the transmitting and receiving stations. Initially it is thought there will be about half a dozen of these, but eventually it should be possible to have small receivers distributed as widely as possible.

The view of the ATU is that Arabsat could be in operation by 1980. But western technicians believe that it will take five years from the awarding of the consultancy contract before it could be working.

## Specifications

When the tender specifications were first released 47 companies applied for documentation. By the deadline of August 1, six companies and groups had submitted tenders for the technical consultancy. These included Comsat General of the U.S., Telesat of Canada, Cable and Wireless of the UK, a mixed grouping called Arab European American (AEA), a consortium composed of Teleconsult (U.S.), Telespazio (Italy), Cie Francaise de Cables Sousmarines et de Radio and Centre Nationale d'Etudes Spatiales (France), and International Saudi Arabian Consultants; and a West German company.

The task facing the winner is formidable, for the company will have to establish, assess the size of the traffic in different sectors, the growth patterns, the requirements of television, radio and the education, and the extent to which the existing and planned local telecommunication systems can cope. Some Arab countries are already sophisticated enough to provide this sort of information without difficulty. But for some of the comparatively underdeveloped states there will be acute problems in obtaining accurate details.

These factors on the ground combined with the sophistication required of the satellites and the ground stations make it likely that the final contract will be awarded to more than one company.

The Arab states have considerable telecommunications problems to be solved on earth. It is a widely accepted fact that standards differ greatly. For an indication, one need look no further than the figures issued by the American Telephone and Telegraph Company for the beginning of 1976. Egypt, for example, has the highest number of telephones in the Arab world, some 503,200, but at only 1.34 units per hundred people it is on the same sort of average as Algeria, Iraq, Morocco, and curiously, Saudi Arabia (although in this case the statistics reflect a gross overestimate of the population). At the bottom end of the scale are the two Yemens—the North with 4,698 telephones—0.09 per hundred—and the South with 9,876 telephones, with 0.63 per hundred. At the top Kuwait had 12.5 telephones per hundred people, followed by Bahrein (9.9) and the UAE (6.9). The percentage of outgoing calls per head reflect an even greater imbalance with some of the Gulf states whose populations are tiny, almost matching Egypt.

The pattern which emerges is that the larger, and longer established countries tend to have greater problems than the more recently independent states of the Gulf. Historically, it cannot now be said to have benefited Egypt to have been the first to establish a comprehensive telephone system in the 1930s. The problems of its overworked system have now become an unfortunate legend. Contact is best made on foot (or by elusive taxi) because telephone connections are almost impossible for twelve hours after ten o'clock in the morning. This sort of difficulty, reflected also in local telex behaviour, has been a major factor holding back businessmen from using Cairo as an alternative to Beirut, where 65,000 out of 175,000 phones were put out of action in the civil war, as a commercial centre. As a result, many businessmen have opted for the excellent services in most of the Gulf states, in particular Bahrein. These states have had the advantage of starting their telecommunications programmes from scratch.

Improvements in local telecommunications is big business. Egypt, for example, intends to spend £250m. over the next five years so that by the end of 1980 all exchanges should be converted to the modern crossbar system. Within the last two years contracts in the Arab world worth a total approaching $3bn. have been awarded, with Saudi Arabia taking more than half. In the weak areas, the concentration is predictably on improvement to the basic system. In other areas it is to move into more sophisticated spheres. Nippon Electric of Japan, for example, was last June awarded a contract worth $8.9m. to build a telecommunications network to serve the industrial and petrochemical complex to be built at Yenbu in Saudi Arabia. This will include a car-to-car telephone service, a television broadcasting network and mobile stations for satellite communications.

There is another crucial reason for the need to improve local telecommunications standards. It has been proved time and again to frustrated businessmen that it is no good having a sophisticated international system if the local conditions are bad.

Thus it is often easier to telephone from Cairo to London than to Alexandria. Many inter-Arab calls are routed through Paris and London. By comparison, in Bahrein and Kuwait it is not only easy to get local calls, but the major cities of the world are only minutes away. The relative ease with which international calls can be made reflect the fact that there are already 12 Arab countries with satellite earth stations, whose links are divided between the Atlantic Ocean and Indian Ocean Intelsats.

Plans for the future of the Arab world's telecommunications systems have not been confined to Arabsat. The main vehicle for inter-Arab co-ordination has been the ATU, which had its genesis in the telecommunication agreement signed at a meeting of the Permanent Communication Committee of the Arab League in 1953. This eventually led to the first meeting of the ATU in December 1957-January 1958 attended by Jordan, Syria, Iraq, Saudi Arabia, Lebanon, Libya, Egypt and Yemen. There are now 17 member states, plus the Palestine Liberation Organisation.

The main tasks of the ATU are those of a regional version of the ITU. Its aims include helping the improvement in local services of each country, the reduction in tariffs for telephone and telegraph exchanges, and the standardisation of services throughout the Arab world.

## Counterpart

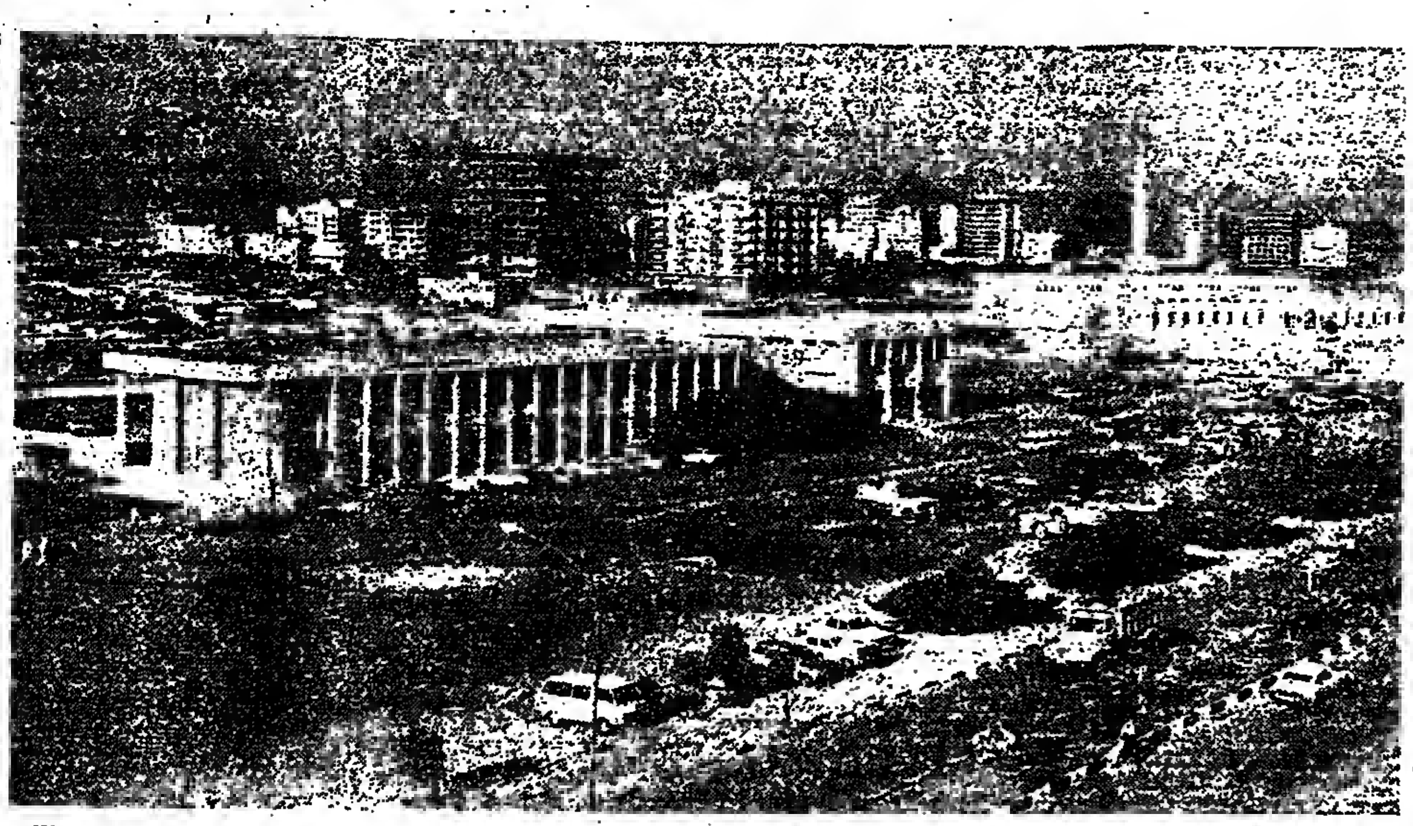
The ITU has co-operated closely with its Arab counterpart. Foremost among its projects has been, since 1973, work on a pre-investment study of the Middle East's telecommunications needs over the next 15 years. The approach adopted has been to divide the area into six zones, which will ultimately be inter-linked by comprehensive sources including direct dialling although because of the different switching systems in operation in the west and east of the Arab world ATU officials admit there may be some problems.

The first zone covers Saudi Arabia, the two Yemens, Ethiopia and Somalia; the second Saudi Arabia and the Gulf States from Kuwait to Oman; the third Iraq, Turkey, Iran, Lebanon, Syria, Jordan, Cyprus and Kuwait (as well as Greece, Bulgaria and Yugoslavia); the fourth Egypt, Libya, Sudan, and Saudi Arabia; the fifth Libya (linked with Malta and Greece); and sixth the Maghreb stretching from Tunisia to Mauretania. The surveys for the first three regions, the second of which was financed by the Kuwaiti-based Arab Fund for Economic and Social Development, are due to be completed this year. The other surveys are expected to be complete by the end of next year.

Because of the variety of systems which the Arab countries are now developing, it is clear that they are opening themselves to the risk of influences which make national boundaries and sovereignty seem irrelevant. It must be a cause of worry to governments that, for example Saudi schoolchildren and bedouin could be directly exposed to, say, radical Libyan propaganda, or that the disputes between Algeria and Morocco or Syria and Iraq could be conducted to the populations of each country through satellite transmitted television programmes.

Nevertheless, the possible benefits from an improvement in communications are considerable. Already, for example, news broadcasts on Arab television networks have become far more up-to-date because of satellite links. In the future, the accessibility of pan-Arab broadcasts to the most desolate regions via small receivers will enormously strengthen the fight against illiteracy, and extensively spread education. Just such a question raises the fundamental issue of whether the Arab countries are capable of developing uniform education programmes. Arabsat will undoubtedly face the Arabs with deeper questions about the cultural and political nature of their unity than any technical development that has gone before.

A. McD.



*The Abu Dhabi headquarters of the Emirates Telecommunications Corporation (Emirtel) which came into operation in September last year.*

# ARAB COOPERATION AND DEVELOPMENT XII

# AOI aims at arms self-sufficiency

THE ARAB Organisation for Industrialisation is a billion dollar multinational corporation owned by four Arab states, Saudi Arabia, Qatar, Egypt and *the United Arab Emirates. Only* two years old, it was set up in the realisation that petrodollar wealth could be harnessed to reduce future dependence on foreign arms suppliers and so avoid many political strings attached to arms purchases.

It has wrongly been assumed by some to have done little since *the establishment of its* $1.043bn. capital fund in May, 1975. Soldiers, arms salesmen and diplomats are impressed by the seriousness with which Dr. Ashraf Marwan, the Egyptian chairman of the AOI's Higher Committee, has established its Cairo headquarters—which are an oasis of efficiency in Egypt's desert of bureaucratic chaos—and developed lines of command and communications.

Marwan is a discreet man, an eminence grise in Egypt, who was ostensibly "retired" two years ago from his post as President Sadat's "special secretary for foreign contacts" but who lost no importance behind the scenes. In his early thirties, he has the distinction of being perhaps the only man to have prospered under Nasser (he is the late president's son-in-law) and subsequently under his successor.

## Commercial

What has Marwan done during his two years at the AOI? First, taking a commercial approach to the vast enterprise, the Arab market for future arms supplies was examined minutely, beginning with the military requirements in the 1980s of the shareholder countries. Second, international arms consultants were commissioned to do, and have now completed, studies of the immediate Arab market, the secondary Arab market and finally the foreign arms market, with the stress on African and Third World countries.

A high priority from the start has been the training and development of personnel. Programmes are under way both in Egypt and abroad for special in*struction for AOI personnel.* The programme is geared so that the production machine can move swiftly into operation once final contracts are completed. Both France and Britain have already been accepting trainees on various management courses.

In May this year in Alexandria, Dr. Marwan announced that the *AOI* "has decided in principle to make helicopters, jeeps and missiles." This has been his only public comment, but contracts are expected to be signed soon for a *series of joint* enterprises with Westland Aircraft and Rolls-Royce (for the Lynx helicopter), with BAC (for Swingfire anti-tank missiles), and with American Motors (to make Jeeps).

In addition, parallel talks have continued to try to hammer out agreements in principle with the French Thomson-CSF and Matra concerns, who make the Crotale ground to air missile system (which the Egyptian Air Defence arm has examined with a view to replacing the ageing Sam missile system), and with Dassault and Aerospatiale, which make aircraft and engines. However, one responsible French source admitted "AOI production plans for Mirage fighters and Crotale missiles seem to have been put back."

There are indications that the AOI talks with British companies progressed . more smoothly over questions of how much capital the foreign arms makers should put into joint enterprises. Early plans for 51.49 joint ventures were modified in favour of smaller foreign shareholdings—though exact proportions depend on whether the AOI joins forces with a single partner or more than one.

For the moment, the AOI has four factories, handed over by Egypt's Ministry of War Production as its contribution to the share capital. These factories were used in the past for Egypt's vestigial aircraft, engine and missile industries which ground slowly to a halt during the 1960s. In addition, two more factories could be made available, one of which currently produces ordnance.

## Factories

It must be admitted that the factories involved have been run down since the refusal of the Russians to permit the maintenance of sophisticated equipment in Egypt. Egypt's war planners had hoped that at least one aircraft factory—which once produced the Gomhouria jet fighter—would be used for MiG maintenance but Moscow insisted they be sent back to the Soviet Union for such work.

It is important to distinguish between the different hats Egypt wears vis-a-vis the AOI. First, it is a shareholding participant. Second, as the possessor of the largest Arab army it will be a principal buyer of AOI products. These functions are quite separate from bilateral arrangements between the Egyptian armed forces and foreign arms manufacturers—like the army's purchase of British Swingfire missiles, and future air force purchases (paid for by Saudi Arabia) of Mirages and Crotale missiles.

While the AOI was created with a strictly commercial mandate—hence the huge amount of marketing homework—last year the Egyptians began to exert considerable pressure on the AOI Higher Committee for what amounted to a major change of policy. Egypt wanted the AOI to help with the repair, maintenance and modification work on Egyptian equipment which has been run down for lack of Soviet spares.

The Egyptian viewpoint was explained by a military source. "The idea of the AOI is for the Arabs to be better armed. But if the Egyptian Army, the core of Arab military power, is allowed to decay further, the Arab world would be sacrificing its military power base now for the sake of hardware in the future."

The Egyptians asked that at least two factories be set aside for work on existing Russian equipment. It is still not clear whether the AOI has resolved the question. Maintenance would involve the overhauling of Egypt's MiG fighters, something two American companies, Lockheed and General Electric, have already discussed with Egypt. Rolls-Royce has carried out experiments with the powerful, compact Spey engine in the MiG 21, but there are no reports of success. Ground equipment projects include fitting an Italian gun and German turret on Russian tanks, though unless the AOI is changing its mind these should *remain* pure Egyptian projects.

If the gearing goes according to plan, then AOI production will move forward swiftly once *it gets under way. A reliable* source close to one of the AOI joint enterprise firms expected assembly lines to be operating within one year. Early output will have a tiny local content but the intention is to raise the local content rapidly after a couple of years.

The AOI is significant for more than purely military reasons. Marwan is a powerful man and has moved where Egyptian ministers cannot. One involved source commented: "The AOI can and has cut red tape." (The operation runs with full diplomatic privileges including exemption from taxes. It by-passes bureaucratic bottlenecks and is not subject to Arab boycott regulations.)

He continued: "The AOI is an important catalyst in bringing technology to Egyptian soil. Its capacities are something of a paradox, since one is dealing with four governments, all of whose systems are bureaucratic and inefficient."

***Michael Tingay***

# Shipping gets off to a slow start

WHEN THE revenues of the oil exporting countries began to multiply rapidly four years ago, it was generally assumed in Western shipping circles that the producers would spend a substantial amount on shipping, thus capitalising on their control of their raw material by taking a large stake in its distribution.

In the event this did not happen and hindsight shows that, given the state of the world tanker market, there may have been some wisdom in this. *Certainly*, new ships have been placed under Middle Eastern flags, but they have been comparatively few. And most Arab fleets which are being built up are doing so with a large measure of Western co-operation.

The problems they face are those that have plagued all *other international shippers.* The Arab Maritime Petroleum Transportation Company (AMPTC) is jointly owned by all the OAPEC states and is based in Kuwait. It has eight tankers totalling more than 2m. d.w.t., but in spite of the advantages they obviously have as carriers of their own crude, two of the largest craft in the fleet, the *269,000-d.w.t.* Alyarmouk and the 318,000-d.w.t. Al Rafidain are laid up in Norwegian fjords—and AMPTC is not buying new carriers at the *moment.*

The Kuwait Oil Tanker Company, oldest of the Arab tanker fleets, is little better off. With 1.6m. dwt in 10 tankers, it lost KD4m. in 1975, and it seems unlikely that the figures for 1976, which have not yet been published, will show a return to profitability. KOTC is still buying ships, though it is now putting the emphasis on gas. Four liquefied petroleum gas (lpg) carriers are due to be delivered from France next month, with a total capacity of 70,600 cu. metres. Like AMPTC and the other Arab fleets, KOTC is plagued by the fuel costs that have beset international shippers. In KOTC's case, this is because the Kuwait National Petroleum Company decided against special discounts for Arab shipping *on cost grounds.*

Compagnie Nationale Algérienne de Navigation (CNAN) is in some ways better off than the other two. Algerian Government owned, it is relatively indifferent to free market fuel prices. It carries all Algeria's gas, and that is that. It also has designs on non-energy cargoes. At present it has two 27,000 dwt general cargo vessels, two 20,000 dwt bulk-carriers and five container and ro-ro vessels on order from Japanese yards, and when they are delivered Algeria's own shipping line will be carrying about 25 per cent. of its non-energy trade—which makes its 10-year-old target of 50 per cent. by 1980 look fairly realistic.

The Gulf states have a similar target in mind. They share the United Arab Shipping Company with Iraq which by next year should have almost 50 of the most modern multi-purpose cargo vessels in the world, working over a well-planned Mediterranean - Europe - U.S. - Far East shipping network.

Among private joint ventures, the Norwegian Johnsen shipping group has sold two 35,000 d.w.t. bulk carriers to a new Saudi Arabian company, which owns and operates on a 50 per cent. split with the Abdul Latif Jameel company of Jeddah. Under the terms of the agreement, they have been chartered back to Norway for five years, but they fly the Saudi Arabian flag. A similar operation is the Saudi Orient Maritime Line (Someol) which is part Hong Kong, part Saudi Arabian owned. It has already formed a monthly U.K.-Jeddah-Aqaba service and has applied to join the Europe/Red Sea Conference.

## Fleet

However, it is Egypt which has the largest of the Middle Eastern fleets. The State-owned Egyptian Navigation Company, which was formed 20 years ago, has built up a fleet of nearly 30 ships, including general cargo vessels and ferries. Taking best advantage of the lack of orders in Western shipyards, ENC has used soft loans to build up a $110m. order book with Norwegian, German and French yards, and the current Egyptian five-year plan envisages orders for four more bulk carriers, two tankers and 12 general cargo vessels.

Middle East port development is discussed elsewhere in this Survey; it is a vital area of infrastructural development which really is a prerequisite to the successful establishment of locally based shipping lines. There is still a serious over-capacity problem in the international tanker market, so there can be little incentive for the oil producers to buy their own fleets, which might prove uneconomic to run and maintain for some time to come.

The over-capacity problem does not exist among general cargo carriers, however, and it is here that the new emphasis is being placed. Apart from the growing proportion of non-oil carriers in the Algerian and Egyptian fleets, the Federal Maritime Company, an Egypt-Libya-Syria partnership, has a growing fleet of general cargo vessels — although it only recently put four 4,000 d.w.t. ro-ros and three 6,000 d.w.t. general cargo carriers out to *tender*, signifying that even this sector of the Arab shipping market is not all that healthy in the present climate.

It will remain to be seen whether, as and if world trade improves, the Arab oil producers see a need to channel more of their surpluses into shipping fleets which could give them the capacity to act as their own import-export carriers.

**by a correspondent**

# Unity

CONTINUED FROM PAGE 1

somewhat obscure Arab word meaning "the state of the masses" rather than Jumhouriya or republic. Its sincere, half-baked political philosophy highlighted the differences that the Arabs which continue to be dominated by the recollection of feudal times, Islamic glories, have led to resurrect forms of government suitable to their aspirations and the contemporary world.

Compared with the 1950s and 1960s, the present decade has been one of remarkable stability for Arab regimes which have all managed to maintain themselves in power with varying degrees of repression. In the immediate future the continuation in power of several of them —including President Sadat's in Egypt and President Assad's in Syria—may depend on whether the drift in the region towards peace or war with Israel. That is also true of the "moderate" Mr. Yasser Arafat's leadership of the Palestine Liberation Organisation.

Humiliating defeats in 1948-49 and 1976 were followed by a succession of upheavals and coups in the Arab world. Deadlock in the peace-negotiating process initiated by the U.S. could have the same result. However, despite political divisions and the military weakness of the confrontation states compared with Israel and the urgent need to concentrate on economic development, the Arab states are even less likely than ever to compromise with Israel's minimal demands. In 1973 the Arabs grasped fully the power of their "oil weapon" and the possession of financial resources deriving from it. Temporarily, the blade may seem blunted by market conditions and the close U.S.-Saudi rapprochement but confidence created by it is still strong.

With the exception of the "Rejectionists"—Iraq, Libya, and the extremists subsections of the Palestinian movement—the Arab states have committed themselves broadly to progress towards a settlement with Israel managed, perhaps with the help of a Geneva conference, by the U.S. Mr. Begin's Government is offering further withdrawal on the Golan Heights and in Sinai, but nothing crucially on the West Bank. Neither Egypt nor Syria could accept a further unilateral arrangement. Diplomatically, a fatal deadlock could be possible. Arab foreign ministers are scheduled to meet in Tunis in November to establish the date for another Summit. Their obvious task will be to decide how to act in the aftermath of U.S. contacts with Arab and Israeli foreign ministers in New York and the outcome of the General Assembly debate.

The conflict between Jewish and Palestinian nationalism is more than ever the central and critical factor in the Arab world. It still remains to be seen whether and on what terms the Arabs can be persuaded to accept a Zionist entity in their midst. The Arab countries most directly involved in the conflict would like to be rid of the whole problem. Yet the nature of Arab pride is such that they can do so only on what they consider to be honourable terms.

# The NCB's brave new dream approaches

By DAVID FISHLOCK, Science Editor

...ew world for coal ...efined product suit... ...ding chemical or ... factories was ... Lord Robens six ...st after he retired ... of tha National ... At tha heart of his ... the work of Coal ...ists who had dis... ...onderfully simple ...acting the "good-

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British develop... ...refining ware un... ...Derek Ezra, NCB ...en he opened the ...hibition at Stoke ...ntly. It portrayed ...n of Lord Robens ...f scientist, Leslie ...running coal and ...side-by-side as a ...as edging towards ...ing new uses for ... Derek, was going ...ortant to the coal ...ure as exploration ...n.

... coal conversion technologies have two overriding objectives. The first is to improve the ratio of hydrogen to carbon in the raw material. At a nominal ratio of 0.8 : 1, coal is at a sad disadvantage in comparison with oil at about 1.8 : 1. The second objective is to turn it into a form more convenient to handle than a friable solid.

No single piece of alchemy is likely to be discovered that might turn such a heterogeneous solid as coal into a chemically richer fluid. But the Stoke Orchard chemists have found three processes which they believe might be permutated to provide marketable chemical feedstocks or fuels.

The most exciting of these is the so-called "supercritical extraction" process, discovered in the late 1960s, demonstrating the readiness of valuable constituents of coal to boil off when exposed to a solvent gas under high pressure. The idea is to heat coal at very high pressures—as high as 3,000 lbs per square inch—in a relatively inexpensive solvent such as toluene. Under such conditions constituents of coal having fairly high boiling points will vaporise readily without decomposing.

Given the right coal and conditions, as much as 40 per cent. of the coal can be dissolved out in this way, yielding a hydrocarbon fraction much richer in hydrogen and essentially free from minerals. Moreover, experiments at Stoke Orchard indicate that this glassy-looking extract should be easily converted to hydrocarbon, oils or chemicals.

The NCB chemists are pressure-testing a £750,000 pilot plant built by Woodhall Duckham to demonstrate supercritical extraction as a continuous operation. It has been designed to treat up to 20 kilograms an hour of powdered coal, mixed into a slurry with solvent. This shiny stainless steel plant is a foretaste of the "white-collar" coal technology of to-morrow, claim the chemists. Far higher standards of cleanliness than are customary from any coal-using industry to-day will be essential if very high operating pressures are to be maintained.

## Precipitates

The plant is intended to separate coal cleanly into two fractions. The solvent vapour penetrates deeply into the natural pose structure of the coal particles. The hydrogen-rich fraction dissolved by this process simply precipitates when the pressure is lowered. The solvent itself, which has entered into no chemical reaction, is easily recoverd and recycled through the plant—a vital aspect of process economics.

But the coal residue, although relatively lean in hydrogen, still has its uses. This too is cleanly separated from the solvent—there are no gummy remains to clog up filters—and proves to have the same calorific value as the original coal. In an integrated coal conversion plant the chemists see this residue being fed into a gasifier of some kind, probably one using the Coal Board's fluidised-bed combustion technology, to yield a hydro-carbon gas either as fuel or feedstock for further conversion.

The supercritical extraction plant now being commissioned at Stoke Orchard is envisaged as the precursor of a £15m. demonstration plant consuming up to 1 ton of coal an hour, probably located at a colliery. The scientists ara hoping that this might be funded as a national development programme, or—as with the £17m. fluidised-bed experiment under construction at Grimethorpe Colliery—by the International Energy Agency.

Coals differ widely in their structure and composition, so an important part of the research has been to explore the behaviour of different coals. As might be expected, non-caking coals, high in volatiles, show the greatest promise. In partnership with a U.S. company, Catalytic Incorporated, subsidiary of Air Products and Chemicals, Stoke Orchard has investigated U.S. coals such as Illinois 6. This collaboration has also delved into process economics for a prospective integrated coal refinery consuming 3m. tons a year, to conclude that the results are encouraging.

But to transform the glassy, easily melted extract into a chemical feedstock or fuel would call for another big process step, also being demonstrated on pilot-plant scale at Stoke Orchard. This is hydrocracking technology, which simultaneously supplements the hydrogen content of the coal extract while cracking it by catalysis into liquid and gaseous hydrocarbon fractions. In what Dr. Gibson calls a delightful example of collaboration between the coal and oil industries, British Petroleum has provided a small, high-pressure continuous hydrocracker. It involves pressures still higher than supercritical extraction—up to 5,000 lbs per square inch.

Already the hydrocracker has notched up about 1,000 hours. The NCB chemists have produced a passable synthetic petrol called Cresto—Chemical Research Establishment Stoke Orchard—from coal by this process. At around 84 its octane rating is too low, but was easily boosted to over 90 to allow Mr. Alex Eadie, to drive a lawn mower running on Cresto on a recent visit to the laboratories.

The next two or three years—says Dr. John Whitehead, the chemical engineer who designed the supercritical extraction plant—should show whether a coal refinery based on such processes is a serious technical proposition.

But what point might be served in opening up an entirely new market for British coal, to replace those lost in the gas industry, railway and domestic markets since World War II, if the mines themselves cannot deliver? Sir Derek Ezra has delivered many warnings about the declining productivity of his miners. His principal customer, the electricity industry, which accounts for over 60 per cent. of his sales, delivered a sharp warning last month that the kind of coal price increase foreshadowed by the new wage levels being sought by British miners could mean a cut in the electricity industry's demand by 10m. tons next year.

## Productivity

Although electricity's consumption of coal rose last year, total output of saleable coal from NCB pits fell by nearly 5m. tons, to only 118m. tons. And this was in spite of the introduction of the "advanced mining technology" programme. This is the plan to install integrated coal-cutting systems, bringing together the most advanced ideas in a package tailored to the specific conditions of the mine. Advanced mining technology is already being installed on at least one coalface in each of the 12 NCB mining areas.

But the NCB acknowledges that advanced mining technology is only a partial answer to greater pit productivity, and one that still leans heavily on the presence of the miner close to the coalface. For the immediate future—the period to 1985 covered by the Plan for Coal—the NCB is depending heavily on opening up rich new veins such as Selby, Belvoir and the new anthracite discoveries in South Wales. These should be intrinsically more productive than some of the well-worked veins of to-day.

But the commercial coal refinery is probably 15 or 20 years away yet. It will take this long to prove the technology and—not least—the safety of the advanced chemical engineering involved. It will probably take the same time for the price of oil and natural gas to rise to levels in Britain where coal conversion can seriously compete.

By then the NCB hopes it will have a new approach to the winning of coal; one that avoids the necessity for a large underground workforce exposed to the dust, explosion, rock fall, traffic, and other hazards of the deep mine. Ideally, it will have a coal-mining technology that matches the elegance of its "white-collar" coal refinery concepts.

The most obvious question is whether a process such as supercritical extraction might be applied to the coal seam itself, much as steam is used to extract sulphur. As a principle it would be akin to underground gasification, which also leaves a substantial fraction of the coal in the ground.

The idea seems to have two serious difficulties. One is the problem of maintaining the very high pressures required for fairly rapid extraction, at rates perhaps 10,000 times as fast as might be achieved by unpressurised solvent. The other is that, compared with steam, toluene is a relatively expensiva solvent and the nature of coal strata is such that there would be a serious risk of it disappearing through a fissure.

We simply don't see how to use the supercritical extraction for *in situ* mining, admits Dr. Gibson. But his scientists have not given up. He sees it as a "way out" possibility, a solution to which may yet emerge from the work of a study group being set up at the NCB's other main research centre, the Mining Research and Development Establishment at Bretby, Derbyshire.

Over the past year this laboratory has been seeking advice very widely from leading research centres on ideas that may lead to a new way of cutting coal — lasers, chemicals or biochemical agents, solvents, or whatever. The new study group's task will be to advise the NCB where to concentrate its resources as tha new ideas mature.

Which technology might emerge to replace the face workers in future, Dr. Gibson will not try to predict. But of one thing he is sure: the two research activities of tha Coal Board, on utilisation and mining technology, which traditionally have been kept separate and report to different Board members, will henceforth be moving much closer together, as it dawns that their work concerns two aspects of a single problem.

Sir Derek Ezra, chairman of the NCB.

# Letters to the Editor

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...ve a bank loan for ...ot expect the bank ...ibla if the car is not ...aod similarly I am ... would think that a ...ety would be liable ...or the shortcomings ...ought with one of its mortgages. The case of *caveat emptor* applies and any other view strikes me as totally illogical.

As far as the interest rate charged by Access is concerned, it is of course true that if borrowing funds ovar a pariod the rate can work out at nearly 23 per cent. For those like myself, however, who use it as a charge card and pay the complete sum back monthly one is, in effect, obtaining between four and six weeks free credit for which Access has to pay 7 per cent or so! I believe about 50 per cent. of credit card customers come into this category. Those who borrow for short periods pay considerably less than the maximum.

Lastly Mr. King states that the giants of High Stret credit trading do not discriminate against their long standing customers. I am afraid that I can give two instances where this is just not true. For years I had a subscription account with Hepworths, the tailors, for which no interest was charged. The present rate charged is 2 per cent. per month. The second axample is Blue Star Garages which had a charge card scheme, for which no subscription was lavied but accounts had to be settled monthly. I had one of its cards for 10 years until July when I was told that in future there would be an annual subscription of £4 plus VAT per card. Sattlement is now within 14 days of the statement after which 2 per cent. per month interest is charged. It has lost my custom.

It is worth bearing in mind that there is no subscription fee with Access and if used as a charge card is free and convenient in use and in my experienca second to none.

B. G. W. Jamieson.
*13. Rustwick.*
*Tunbridge Wells, Kent.*

## No conflicting loyalties

*From the Features Editor, The Times*

Sir,—As one who might be described as an indapendent member of the Equal Opportunities Commission—I am Faatures Editor of The Times newspaper —I would like to comment on the allegations of "divided loyalties" among those of my fellow members who are associeted with TUC, CBI or educational establishments (A "creature of government." September 9).

Thesa members of the EOC, of course, hava the interests of their organisations and thair own members at heart, but such intarests are not inimical to the interests of all women—and all men for that matter.

In no circumstances in our discussions which have continued for almost two years have I seen any evidence of conflicting loyalties. In contrast, all EOC commissioners have cooperated whole-heartedly to reach unanimous decisions.

Margaret Allen.
*P.O. Box 7,*
*New Printing House Square,*
*Gray's Inn Road, W.C.1.*

## Pre-contract analysis

*From Mr. J. Dingle.*

Sir,—While I support Mr. D. Overton's general view (September 22) that thorough pre-contract analysis is crucial to the profitability of major export contracts, I suggest his emphasis on the alleged lack of commercial training in the education of professional engineers obscures two factors which are likely to be more immediately relevant.

(1) Research into the potential of new market areas is too closely identified with analysis of supply-demand balances, and not concerned enough with evaluating commercial (including political) practice in such areas. Effective market research needs to have the scope of overall "Business Research."

(2) The views of the eventual project manager should be given equal weight with those of the sales manager in pre-contract decision making. This is possible only if the project manager is himself involved in key negotiations with the prospective buyer.

Neither factor depends on the engineering background of would-be exporters. Performance in both can no doubt be improved by some form of education. But I rather doubt that academic "management thinkers" (to use Mr. Overton's phrase) would be adequately equipped to provide it. Guidance, if it is to make a usaful contribution to the profitability of technological exports, will have to come from those in up-to-date and practical contact with the technology and with the markets.

John Dingle.
*Suite 1, Harcourt House,*
*19a, Cavendish Square, W.1.*

## Competing for foreign orders

*From the Head of the Marketing Faculty, Ashridge Management College.*

Sir,—The insight reflactad in Mr. Overton's letter (September 22) demands fuller development if we are to meet the commercial challenges identified by him in securing and than profitably implementing major foreign projects.

Our problems arise from four major sources. Most training in salesmanship still assumes that sales arise from a two person, salesman / buyer, interaction, whereas the reality is that teams from buying and selling organisations interact to produce sales, with all tha political problems that this raises. Add to this the fact that customer and seller will often be involved with Governments of the two nations and it is clear that training in salesmanship (if that is the appropriate word) needs to focus on how to manage the complex interpersonal/political problems.

Conventional salesmanship concentrates on getting tha order and hardly at all on the important need to get the purchase into use with maximum organisation—wide commitment and satisfaction from the customer. This means understanding tha customer in depth and from the beginning of the selling period effectively acting as a consultant to the buyer on implementation.

There seems to be limited understanding of sophisticated investment appraisal approaches, used by customers, and less understanding of sensitivity and risk analysis. Knowledge in these areas has two effects: it minimises tha chance of occurrence of the type of problem now faced in Nigeria; additionally it allows the salesman to persuade tha prospect to change some of the shaky assumptions underlying most project appraisals.

As Mr. Ovarton points out, too many British organisations concentrate on offering exclusively technological solutions to customer problems. Current research shows the importance of service (nearly eighty separate elements have been identified) in securing sales at premium prices. One recent U.S report showed that in five industries, purchases in 41 per cent. of cases were made at prices significantly above the lowest price available. The reason was service and effective management by the seller of the politics of the buying organisation.

R. E. Thomas.
*Ashridge Management College,*
*Berkhamsted, Herts.*

## Indices are too broad

*From Mr. M. Ashfield*

Sir,—Yet another letter on accounting for inflation—but (I hope) a fresh issue. Anthony Harris wrote on September 7 (page 21, concerning the use of indices already appearing from the Department of Industry, to adjust historic to current values: "No difficulty there . . ." I think his optimism about those indices is unjustified. Indeed, I suggest their use will introduce fresh distortions into the comparison of companies' performance with that of other companies, and the comparison of one industry with another.

Most of the indices available from the Central Statistical Office for the prices of specific assets, are too broad in their coverage. There is, for example, only one figure to cover each of the following: cranes, passenger cars, office equipment and machinery, compressors, stationary engines and steam turbines, lifting and winding devices. There are only two figures to cover all metal-working machine tools, and two to cover all machinery used to process food and drink, bottles and cans.

Even worse, these asset-specific indices only cover equipment and machinery produced in the U.K., and do not cover anything imported. Thirdly, although the CSO makes a rough adjustment of its indices for whola industries' purchases, to try to take account of imported equipment, these industry-specific figures will be of no use to the many firms whose activities spread across several different industries. Moreover, a firm which is only in engineering (for example) will not be helped by having to use one industry index, along with about 20,000 other firms in that vast industry.

The point is that if the composition of a firm's assets and/or the age of those assets is not the same as the composition/age of the assets used by the firms in the CSO's over-broad categories, the firm's results will be biased — and whether favourable or unfavourable neither it nor the CSO can tell. What is more, a whole industry which is modernising its equipment more rapidly than another industry may be unfairly penalised, if the firms within it use the CSO's asset-specific indices. In an age when many firms have over a quarter of their production abroad, there is in the official booklet only the vaguest of hopas for getting asset-specific indices to cover other countries.

I have the highest admiration for tha official statisticians, and I agree with the people who say we must account for inflation. It may be that my anxiety is misplaced, and the sensitivity of company accounts to the biases listed above is small. I suggest, however, that more frankness and greater precision must come from the CSO before its figures are used.

M. A. F. Ashfield.
*22 Highfield Road,*
*Flackwell Heath,*
*High Wycombe, Bucks.*

GENERAL

International Monetary Fund and World Bank annual meetings open in Washington.

EEC Agriculture and Fisheries Ministers begin two-day meeting in Brussels.

Special meeting of panel of Senate Foreign Relations Committee in Washington to discuss proposed unilateral policy declaration by U.S. Government to extend U.S.-Soviet Strategic Arms Limitation agreement beyond October 3.

Liberal Party Assembly begins in Brighton with four informal commissions and an all-day seminar on energy, with particular emphasis on nuclear energy.

National union officials in talks on dispute of production workers at British Leyland's Lancashire bus and truck factories.

## To-day's Events

New rules in operation for sale of cheap Stand-by and Skytrain airline tickets and first flight of Laker Skytrain from Gatwick to New York.

Increase in some bread prices.

Retailers' agreement comes into effect to limit profit margins to 5 per cent. on three big selling lines of instant coffee—for some small shops the limit will be 7½ per cent.

Mrs Margaret Thatcher, Conservative Leader, continues tour of Scotland

Mr A. Wedgwood Benn, Energy Secretary, opens National Energy Managers' Conference—expected announcement of Government's latest energy saving proposals with new tax incentive among measures being considered.

Mr. John Methven, director general of CBI, addresses Food Manufacturers' annual conference, Grosvenor House Hotel.

Mr. William Rodgers, Transport Secretary, opens International Symposium of European Conference of Ministers of Transport, Imperial College, London

Mr. Fred Mulley, Defence Secretary, open Electronics Exhibition, Royal Lancaster Hotel, London

Statement by Prince Philip at end of Industrial Society conference, *Buchanan Arts Centre*, Aberdeen University.

Sir Robin Gillett, Lord Mayor of London, attends luncheon with chairman and Board members of the Port of London Authority at World Trade Centre, E.1 and later *receives Senor Manuel Tello*, Mexican Ambassador, at Mansion House.

British Fashion Fair opens at National Exhibition Centre, Birmingham.

COMPANY RESULTS

Fisons (half-year), John Laing and Son (half-year), Willis Faber (half-year).

COMPANY MEETINGS

See Week's Financial Diary on Page 12

# COMPANY NEWS

## Telefusion colour rentals buoyant

IN HIS annual statement Mr. J. N. Wilkinson, the chairman of Telefusion says that the new financial year has started with the background of depressed consumer spending but colour TV rental has been buoyant. He adds that as living standards improve so will demand and this will be reflected in improved results.

As reported on September 1, turnover, excluding VAT, expanded from £44.04m. to £52.01m. in the year to April 30 1977 and pre-tax profits recovered from £1.13m. to £3.14m. Stated earnings jumped from 1.17p to 6.41p per 5p share and the dividend total is the maximum permitted 1.170273p (1.047763p) net.

Mr. Wilkinson says that inflation while lower than the previous year, was still very high and continued to erode margins. A moderate rental review was therefore introduced in November 1976 at the half-way stage of the financial year. In February 1977 two important acquisitions of rental accounts took place, one in Brussels by the Belgian subsidiary and the other a £3m. acquisition from Focus Television Rentals. Both have been successfully absorbed and will provide additional profit in the new financial year.

The considerable expansion of rental assets has taken place with the number of rental branches in the U.K. increasing by only 7 during the year to 152, resulting in an increase in branch subscriber density which provides a firm base for improved future profitability.

Retail trading, while maintaining a satisfactory level of turnover for the year as a whole, showed signs of flagging during the last quarter, reflecting the falling standards of living. Consequently stocks of merchandise at the year end were higher than planned, but have since been substantially reduced. Meanwhile the 108 Trident retail branches give reasonable national coverage.

The broadening of the range of products offered by Trident to the public has helped both to increase the turnover per branch and to stabilise the level of business which in the past had been more narrowly based on the larger electrical consumer durables and thus more vulnerable to the vicissitudes of economic activity.

The group is now well placed to take full advantage of any recovery in consumer retail spending, as without further investment it can sustain a growth in activity which together with better margins would dramatically improve profitability.

The relay contracting division made excellent progress in difficult market conditions but the subsidiary Teleng, which manufactures cable services equipment, had a difficult year due mainly to the cut-back in local authority building activity. Steps have been taken to widen the range of Teleng products and turnover has subsequently improved.

A statement of source and application of funds shows an increase in short term loans of £90,000 (£333,000 decrease) and an increase in bank overdrafts less cash in hand of £738,000 (£6.13m.).

The accounts also reveal that Mr. Wilkinson (who was appointed chairman in July 1976 following his father's death) acquired some 10.4m. Ordinary shares and 4.7m. "A" Ordinary shares during the year. His holdings now amount to 43 per cent. of the issued Ordinary shares and 34 per cent. of the "A" Ordinary shares. In the previous accounts his father was shown as holding 46 per cent. of the Ordinary shares and 34 per cent. of the "A" Ordinary.

Meeting Connaught Rooms, WC, October 20, at 12.30 p.m.

### BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims:—Percy Bilton, Cromley Building Products, Energy Services and Electronics, Fisons, Baden, Carrier, Jersey Electricity, John Laing, Albert Martin, Ruo Estates, Sunlight Service, Travis and Arnold, United Capitals Investment Trust, Willis Faber.

Finals:—Adwest, Celtic Haven, Lockwoods Foods, Parker Knoll.

FUTURE DATES

Interims:—

| | |
|---|---|
| Ayrshire Metal Products | Oct. 27 |
| Brent Chemicals | Sept. 28 |
| Hiltons Footwear | Oct. [illegible] |
| Legal and General Assurance | Sept. 29 |
| Provincial Life of London | Oct. 7 |
| Refuge Assurance | Sept. 29 |

### Thos. Walker turns in £213,951

Manufacturers of metal smallwares for clothing and allied trades, Thomas Walker reports pre-tax profits up from £187,565 to £213,951 for the year to June 30, 1977 on turnover of £1.71m. compared with £1.43m. At midway profits were ahead from £72,117 to £103,409.

After tax of £107,178 against £99,828, full year earnings are shown at 1.78p (1.46p) per 5p share, and the dividend total is raised from 0.733p to 0.8065p net with a final of 0.639p.

### RANSOMES SIMS

Ransomes Sims and Jefferies has announced a corrected figure for the additional dividend for the year to January 1, 1977. It should read 0.082p and not 0.118p as reported on September 23.

## Esperanza Trade to consolidate

In his annual statement Lord Kissin, chairman of Esperanza Trade and Transport, tells shareholders that the group is currently in a period of consolidation following the expansion which took place during 1976-77, and profits in the first half of the current year may well be less than last year. He is hopeful, however, that there will be an improvement in the second half, in the rate of progress in the group's service interests.

Prospects for the company's service interests remain excellent, the chairman says, given their diversification around the world and the increasing demand, particularly in areas of rapid development such as the Middle East and Far East.

As reported on September 1, 1977 pre-tax profit for the year to March 31, 1977 rose from £2.92m. to £3.52m. and the dividend was stepped up to 3.052p (4.348p) with a final of 3.232p net.

The record results were achieved, Lord Kissin states, in spite of the fact that the contribution from copper operations in the latter half of the year was lower than before as a result of the low price for copper in the market. He adds that it is the company's intention to make every effort to maintain its copper operation as long as possible but if the present level of copper prices remains, the mine will make no significant contribution to the results.

The balance sheet remains strong and net tangible assets per 12½p share have increased from 53p to 76p. Bank borrowings decreased by £913,000 against a £1.13m. increase. As at August 31 Guinness Peat Group held 21.2 per cent. of the equity and Rothschild Investment Trust 17.1 per cent.

Meeting, 77, London Wall, E.C., October 20 at noon.

## Whatman Reeve up midterm

FIRST HALF 1977 pre-tax profits of laboratory supplies manufacturers Whatman Reeve Angel were up slightly from £696,000 to £719,000 on increased turnover of £4.68m. against £3.94m.

The directors state that on present trends they expect that profit for the full year will be in line with the record £1.51m. for 1976.

The interim dividend per 25p share is lifted to 2.238p (1.814p) net and the directors say they expect to pay a final of 1.814p making a maximum allowed increase for the year. Last year's final was also 1.814p. Net profit emerged at £373,000 (£321,000) after tax £346,000 (£375,000).

## Heiton geared for business upturn

Mr. James Hanna, chairman of Dublin-based Heiton Holdings, tells shareholders in his annual statement that sales for the first quarter of 1977-78 show a slight increase over the preceding quarter and there has been an improvement in business confidence. He makes no forecast for the future but says that the company is geared to take advantage of the increased expenditure promised by the Government when it reaches the market place.

As already known a turnround was achieved for the year to April 30, 1977, from a loss of £40,421 to a profit before tax of £504,293 and the dividend is lifted from 0.33p to 1.4p net.

Mr. Hanna says that trading conditions remained difficult during 1976-77 with keen competition exacerbating the generally low demand. External factors contributed, he adds, notably the bad weather, and the threat of a strike in the construction industry.

Further progress was made in the development and modernisation of some branch premises, while the second stage of development in Castlebar has been completed. Profits from associated companies improved considerably, the chairman adds.

The group operates as builders' providers, timber importers, wholesale distributors and fuel merchants.

## Lovell and Christmas

Lovell and Christmas intends to redeem in full at par the outstanding £530,692 3 per cent. Debenture stock 1966-78. Notice of redemption will be posted to stockholders on September 26 and the stock will be redeemed on and with effect from December 31, 1977.

The reason for redemption at this time is to release the company and its subsidiaries from the restrictions contained in the trust deeds by which the stock is constituted, it is stated.

### SIMCO MONEY FUNDS (Saturn Investment Management Co. Ltd.)

Rates for deposits of £1,000 and upwards for w/e 25.9.77.

| 7-day Fund | % p.a. |
|---|---|
| Mon. | 5.974 |
| Tues | 5.824 |
| Wed. | 5.743 |
| Thur. | 5.685 |
| F./Sun | 5.873 |
| 3-Month Fund | |
| Wed. | 5.125 |

Freddie Mansfield

Sir George Barton, chairman of Fisons, which is to-day due to announce results for first half of 1977.

## New savings plans from Equity & Law

The Equity and Law Life Assurance Society is introducing three regular savings plans linked to its five investment funds launched earlier this year. The first is the Open-Ten Plan which is designed to offer investors a high level of investment and consequently the initial level of guaranteed life cover is low. The second plan is the Executive Investment Plan designed to appeal to the investor who wishes for a high level of investment but requires a higher death cover than under the Open Ten. Both these contracts enable the policy proceeds to be taken as a tax-free cash sum or tax-free income.

Finally, the Whole-Life Investment Plan has been designed for the younger investor looking for long-term investment potential and provides a high level of guaranteed life cover. This plan has the option of being adapted to the Complete Cover Plan which provides an even higher level of protection.

The company entered the unit-linked sector of life assurance earlier this year by launching a property, fixed interest, guaranteed deposit and mixed fund to accompany its already successful unit trust. At the time investment could only be made by lump sum bonds but the issue of regular savings plans was foreshadowed. These products are the first in what could be a series of launches.

## Bromsgrove Casting confident

Mr. J. M. L. Ormerod, chairman of Bromsgrove Casting and Machining, is confident as regards 1977-78, and faces the future with optimism.

As known pre-tax profit for the year to March 31, 1977, fell from £234,838 to £150,326, due mainly to industrial disputes at the principal customer. The dividend is increased to 1.99p net per 5p share compared with 1.8p.

During 1976/77 the company increased its workforce, and also undertook the manufacture of castings for aluminium wheels. The chairman adds that eight new dies were also brought into operation during the year.

Mr. Ormerod says that expansion costs have been incurred and the company will reap the full benefit in the current and future years.

As at March 31 cash balances showed a decrease of £140,461 against £12,116 increase.

Meeting, Bromsgrove, October 20 at noon.

## Gresham House sees further profit rise

Mr. M. G. Burnand, chairman of Gresham House Estate Company says in his annual statement that the forecast of profits for 1977 indicates a further improvement.

As known pre-tax profits for 1976 fell from £350,000 to £249,000. The dividend net per 25p share was maintained at 3p.

Since the year end subsidiary Deacon Commercial Development and Finance sold a further part of the industrial estate at Brussels Airport and this has reduced bank borrowings by £2.6m., the chairman says.

A statement of source and application of funds shows an increase in working capital of £54,000 (£1.5m. decrease). As at December 31, 1976 Nannaball Trust held 42 per cent of the equity.

Meeting, 24 Austin Friars E.C., October 19 at noon.

## FT share service

The following securities have been added to the Share Information Service appearing in the Financial Times:—

American Express (Section Americans) Johnson and Barnes (Section: Industrials-Miscel.) Riley (E. J.) (Section: Industrials-Miscel.).

### Results and Accounts in brief

BESTWOOD COMPANY [illegible]

BRAITHWAITE AND CO ENGINEERS [illegible]

BUFFELSFONTEIN GOLD MINING COMPANY [illegible]

CAPITAL AND NATIONAL TRUST [illegible]

EASTERN TRANSVAAL CONSOLIDATED MINES [illegible]

EASTERN TRANSVAAL CONSOLIDATED MINES [illegible]

ELECTRIC AND GENERAL INVESTMENT COMPANY [illegible]

G.T. JAPAN INVESTMENT TRUST [illegible]

PHOTOPIA INTERNATIONAL [illegible]

RAYBECK [illegible]

STEWART AND WIGHT [illegible]



## Expansion planned by Neepsend

SATISFACTORY profits are expected by Neepsend in the current year Mr. Stanley L. Speight, chairman, says in his annual statement.

In the year ended March 31, 1977, pre-tax profit of this Sheffield based steel, alloys, tool and engineering group fell from £1.28m. to £1.04m. Mr. Speight says the biggest problems were in the steel division where it had to contend with low home market demand and dumped imports.

The lack of engineering activity affected the machine and engineers cutting tools operations and foundries in the casting division experienced difficult trading conditions. But better results from other areas cushioned the effect of these problems.

Mr. Speight says Neepsend has benefited from its investment at Ferro Alloys and Metals and the newly acquired Gomex Tools subsidiary will be expanded and is expected to make significant sales and profit contributions in the future.

Its Canadian steel subsidiary trading as Neepsend Steel of Canada acquired from May 1 this year will enable expansion of activities there and provide a springboard for sales in the U.S. Its existing Canadian associate, Tunbridge Cutting Tools, has pushed sales well ahead of last year's level in the current year.

New plant is being installed to make its U.K. steel and casting operations more competitive and plans include a new electric arc furnace to produce castings for the expanding casting division, as well as ingots for re-rolling and forging. Capacity is also being stepped up in its tool division while other new plant is being installed in the steel division.

Mr. Speight says inflation remains Neepsend's greatest enemy with its demands on working capital and reduction of profit margins.

The capital demands are be[ing] met through a £2m. loan, re[pay]able in £400,000 instalm[ents] beginning in August, 1979. [The] interest rate is 2 per cent. a[bove] the bank base rate for the [first] two years rising to 2½ per [cent.] Bank overdrafts have also r[isen] from £2,378,000 to £2,739,000.

These have been applied [to] stocks which increased £2.2m. [to] £7.65m., and debtors £1.2m. hi[gher] at £5m. Creditors rose a sim[ilar] amount to £4.2m. in the [same] year. A total £646,000 was s[pent] on fixed assets, and the group [has] contracted and approved ca[pital] commitments of £24[illegible] (£283,000) in the current yea[r].

Meeting, Sheffield, October [illegible] at 12.15 p.m.

## Alexanders to expand

A £500,000 expansion in [the] tractor and heavy comm[ercial] vehicle trade is announced b[y Mr.] J. B. T. Loudon, chairma[n of] Alexanders Holdings, in [his] interim report to sharehol[ders]. The company is to invest £[illegible] on the construction of ne[w] premises for the sale and se[rvice] of heavy commercial vehicle[s in] Edinburgh while the new £[illegible] tractor premises at Loanhe[ad are] expected to open later this m[onth].

The company plans to se[ll its] existing tractor and lorry [pre]mises and the proceeds [are] expected to make a material [con]tribution towards the cost o[f the] new premises, he adds.

As reported on Septem[ber] pre-tax profits for the half [year] to March 31, 1977, were £[illegible] compared with a loss of £[illegible]. The chairman says that d[espite] the moderate results the o[utlook] for the company now seems [to be] very good.

### BIDS AND DEALS

## Enlarged Low & Bonar's £120m. sales

The agreed offer by Low and Bonar for GHP Group, which was cleared on Thursday by Mr. Roy Hattersley, Secretary of State for Prices and Consumer Protection, on monopoly considerations, has been declared unconditional. Low and Bonar now controls over 73 per cent. of GHP.

A statement issued by Low and Bonar yesterday stated that the enlarged group would have annual sales of £120m. Mr. Brian Gilbert, the chief executive of Low and Bonar, said that the company would have "a more balanced spread of earnings as regards both the industries and territories in which we operate."

Dealings in the new Ordinary shares of Low and Bonar and the Loan Stock are expected to start on Monday.

### ASSOCIATE DEAL

Laurence, Prust and Co. bought on behalf of Dale Electric, 10,000 Houchin Ordinary at 196p on September 22, and 5,000 on September 23 at 196p.

### REDLAND

Redland has issued 251,149 Ordinary shares as the second instalment of the consideration for the acquisition of H. Lavender and Son which took place in 1976.

### SHARE STAKES

Berry Trust Company—Edinburgh Investment Trust has sold its holding of 1m. Ordinary [shares] and is therefore no longe[r] registered holders of 5 per [cent.] or more of the capital.

Anglo-African Finance [Com]pany—Textile Investment [Com]pany has purchased 20,000 s[hares].

Amalgamated Stores—Co[mpany] has been informed by Inter[Euro]pean Import that it has granted an option dated A[illegible] 8 to purchase 1m. Or[dinary] shares (6.4 per cent.).

Mooloya Investments—[follow]ing his acquisition of a f[urther] 50,000 Ordinary shares [on] September 16, Mr. B. He[illegible] now interested in a tot[al of] 180,200 Ordinary shares (2[illegible] per cent.).

### CONFERENCES









### LOCAL AUTHORITY BOND TABLE

| Authority (telephone number in parentheses) | Annual gross interest | Interest payable | Minimum sum | Life of bond |
|---|---|---|---|---|
| | % | | £ | Year |
| Alyn and Deeside (0244 532121) | 10 | ½-year | 100 | 4-6 |
| Elmbridge (78 28514) | 10½ | ½-year | 2,000 | 4-7 |
| Liverpool (051 227 3911) | 8¾ | ½-year | 500 | 3 |
| Liverpool (051 227 3911) | 10½ | ½-year | 500 | 4-6 |
| Reading (0734 592337) | 8¾ | ½-year | 1,000 | 3 |
| Redbridge (01-478 3020) | 9¾ | ½-year | 200 | 4-7 |
| Thurrock (0375 5122) | 10 | ½-year | 300 | 4 |
| Thurrock (0375 5122) | 10½ | ½-year | 300 | 5-7 |

# ...ding dividends ...etable

...convenience of readers the dates when some of the ...t company dividend statements may be expected in ... weeks are given in the following table. The dates ...se of last year's announcements, except where the ...oard meetings (indicated thus*) have been officially ... should be emphasised that the dividends to be ...not necessarily at the amounts or rates per cent. ...lumn headed "Announcement last year." Preliminary ...sually accompany final dividend announcements.

| Date | Announcement last year | | Date | Announcement last year |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

* Board meetings intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made from reserves.

## ...NT ISSUES

### EQUITIES

| 1977 High | Low | Stock | Closing Price p. | + or − | Div. | Times Covered | Gross Yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|
| 400 | 347 | BP £1pd. | 385 | +5 | [illegible] | 1.4 | 5.5 | 33.2 |

### ...XED INTEREST STOCKS

| 1977 High | Low | Stock | Closing Price | + or − |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### "RIGHTS" OFFERS

| Issue Price | Amount paid up | Latest Renunc. date | 1977 High | Low | Stock | Closing Price | + or − |
|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## ... Works Loan Board rates

...loans B are 1 per cent. higher in each case than non-... †Equal instalments of principal. §Equal repayments. Effective from September 24.

| Years | Quota loans repaid by EIPT | by ERI | at maturity | Non-quota loans A repaid by EIPT | by ERI | at maturity |
|---|---|---|---|---|---|---|
| ... | 8½ | 9½ | 9¾ | 10¼ | 10½ | 10¾ |
| 10 | 9½ | 9½ | 11¼ | 11¼ | 11¼ | 11¼ |
| 15 | 10 | 11 | 12 | 11¼ | 11½ | 12¼ |
| 25 | 11 | 12¼ | 12½ | 12¼ | 12½ | 13 |
| ... | 12½ | 12½ | 12½ | 12¾ | 12¾ | 13¼ |

## BASE LENDING RATES

| | |
|---|---|
| ...nk | 7% |
| ...sh Banks Ltd. | 7% |
| ...Express Bk. | 7% |
| ... | 7% |
| ...Ltd. | 7% |
| ...bscher | 7% |
| ...nt. Ltd. | 7% |
| ...g Ltd. | 7% |
| ...redit & Cmce. | 7% |
| ...yprus | 7% |
| ...N.S.W. | 7% |
| ...elge Ltd. | 7% |
| ...u Rhone S.A. | 7½% |
| ...Bank | 7% |
| ...hristic Ltd. | 7% |
| ...oldings Ltd. | 9% |
| ...of Mid. East | 7% |
| ...ipley | 7% |
| ...ermanent AFI | 7% |
| ...& C Fin. Ltd. | 8% |
| ...ildings | 7% |
| ...use Japhet | 7% |
| ...ies | 7% |
| ...ted Credits | 9% |
| ...ive Bank | 7% |
| ...n Securities | 7% |
| ...onnals | 7% |
| ...awrie | 7% |
| ...ist | 7% |
| ...Transcont. | 7% |
| ...don Secs. | 7% |
| ...t. Fin. Corpn. | 7% |
| ...Sees. Ltd. | 7% |
| ...ibbs | 7% |
| ...rrant Trust | 7% |
| ...d Guaranty | 7% |
| ...s Bank | 7% |
| ...Mahon | 7% |
| ...Bank | 7% |
| ■ Hill Samuel | §7% |
| C. Hoare & Co. | †7% |
| Julian S. Hodge | 8% |
| Hongkong & Shanghai | 7% |
| Industrial Bk. of Scot. | 8% |
| Keyser Ullmann | 7% |
| Knowsley & Co. Ltd. | 8½% |
| Lloyds Bank | 7% |
| London & European | 7% |
| London Mercantile | 7% |
| Midland Bank | 7% |
| ■ Samuel Montagu | 7% |
| ■ Morgan Grenfell | 7% |
| National Westminster | 7% |
| Norwich General Trust | 7% |
| P. S. Refson & Co. | 7% |
| Rossminster | 7% |
| Royal Bk. Canada Trust | 7% |
| Schlesinger Limited | 7% |
| E. S. Schwab | 8½% |
| Security Trust Co. Ltd. | 8% |
| Shenley Trust | 9% |
| Standard Chartered | 7% |
| Trade Dev. Bank | 7% |
| Trustee Savings Bank | 7% |
| Twentieth Century Bk. | 8½% |
| United Bank of Kuwait | 7% |
| Whiteaway Laidlaw | 7½% |
| Williams & Glyn's | 7% |
| Yorkshire Bank | 7% |

■ Members of the Accepting Houses Committee.
* 7-day deposits 3%, 1-month deposits 3½%.
† 7-day deposits on sums of £10,000 and under 3%, up to £25,000 4% and over £25,000 4½%.
‡ Call deposits over £1,000 3%.
§ Demand deposits 4%.
¶ Rate also applies to Sterling Ind. Secs.

INTERNATIONAL COMPANY NEWS

# Strong interim upsurge by Straits Trading

FINANCIAL TIMES REPORTER

SINGAPORE, Sept. 25.

AN INCREASE in first half profits of more than a fifth is announced by Straits Trading, one of the oldest and largest buyers and smelters of tin in Singapore and Malaysia.

Group turnover for the six months ended June, rose by an eighth from S$383m. to S$431m. while profits before tax moved up by 21 per cent. to S$16.58m. from S$13.66m. The interim dividend is being held at 12 per cent.

During the current and final six months of 1977, Straits reckons that its profit from trading is likely to be lower than that for the final half of 1976, but it expects income from investments to increase.

In its interim report the company points out that Malaysian Titanium Corp. BHD. in which Straits has a 30 per cent. interest, incurred considerable losses in its first year of operation which ended on June 30. The plant was put on a care and maintenance basis.

However, investment income rose sharply by 46 per cent. to S$6.99m. from S$4.74m. thanks almost entirely to the tin mining companies. This reflected higher tin prices and the reprocessing of residues from past operations.

* * *

NATIONAL Iron and Steel Mills' pre-tax profit for the six months ending June, 1977, rose to S$6.1m. from S$5.3m. in like period of 1976. The company has declared an interim dividend of 3 per cent tax exempt and 80 per cent. less tax.

## Malayan Breweries

SINGAPORE, Sept. 25.

PRE-TAX profits of Malayan Breweries rose by 11 per cent. to S$25.9m. from S$23.2m. in the first six months of 1977. The company has recommended a final dividend of 16 per cent, less tax.

## Swiss RE. lifts dividend

By John Wicks

ZURICH, Sept. 25.

AN INCREASE in annual dividend from Sw.Frs.90 to Sw.Frs.100 has been announced by the Board of Swiss Reinsurance Company, Zurich, for the financial year ended June 30. Net profits of the company, one of the world's leading reinsurers, had increased sharply for the year to Sw.Frs.75.6m. (Sw.Frs.55.2m.).

Results improved over the year for both casualty and non-life reinsurance, which showed an underwriting profit, and life reinsurance, profits which were slightly higher than for 1975-76. A "substantial" rise in investment income resulted from the greater investment volume and more stable exchange rates. Administrative costs went up by only 2 per cent., as compared with 4 per cent. in the previous financial period.

## Oetker sales slip lower

By Guy Hawtin

FRANKFURT, Sept. 25.

THE OETKER family, which controls a widely diversified group with interests in food, transport and shipbuilding, reports consolidated turnover in 1976 down by 5.8 per cent. from 1975s DM3.07bn. to DM2.89bn. (£13.6m.). This, however, was the result of the group's decision to move out of the international raw materials business. In the industrial sector turnover moved upwards.

Sales in groceries rose by 8.4 per cent. from DM957m. to DM 1.04bn., of which price increases accounted for only 3 per cent. of the increase. All operations in the sector, said the report, had tried to minimise the effects of inflation and, in this, they were aided by a "dream summer" which resulted in a very substantial increased ice cream business.

## German bond trading

FRANKFURT, Sept. 25.

TRADING resumes to-day in three eight-year 10 per cent. German public sector loans, which were suspended last week on the Frankfurt Stock Exchange, senior bourse officials told Reuter.

The loans were suspended to halt speculation that these issues, dated 1973, would be called ahead of schedule. The suspension "gives investors, especially the general public, the opportunity to consider all the facts, including official denials that decisions on early repayment have been taken."

The suspended loans include the DM750m. and DM250m. parts of the 1973 German "stability loan," of which the first segment was officially priced at par while the smaller loan was priced at ruling market conditions on day of issue. The third issue is a DM100m. City of Berlin borrowing priced at par.

# Money and Exchanges

Bank of England Minimum Lending Rate 6 per cent. (since September 16, 1977)

Interest rates were fairly steady in London last week, with discount houses buying rates for three-month Treasury bills hovering around 5¼ per cent. There were never any suggestion in the market that Bank of England Minimum Lending Rate was likely to be cut on Friday, following the fall of ½ per cent. on each of the preceding two weeks, bringing the rate down to 6 per cent.

Longer term interest rates were generally firmer, however, leading to a steeper rise in the yield curve as the differential between one-month and 12-month interbank rates widened to around 1 point, from slightly more than ½ point on the previous Friday.

It appears probable that London interest rates may settle at the present level in the immediate future, although a further downward drift may be expected later in the year, provided that the average increase in pay remains low enough to satisfy the authorities.

Day-to-day credit was in short supply in the money market for most of last week, mainly because of the repayment of the seven-day advances made to the market during the previous week, and some very substantial revenue payments to the Exchequer.

With interest rates very steady there was no need to give any signals to the market, and the authorities' assistance was made up entirely of Treasury bill and local authority bill purchases, and some exceptionally large overnight lending to the houses.

One major doubt about the future trend in interest rates remains the development of events on the other side of the Atlantic. A recent upward trend in the U.S. money supply has been met by intervention from the Federal Reserve, causing a general rise in interest rates in New York.

Although the underlying trend may not be favourable, this rise in rates led to increased demand for the U.S. dollar in late trading on Thursday. The currency had been under a little pressure earlier, particularly against the Swiss franc. The Swiss authorities probably gave some support to the dollar, following a report that Switzerland intends to pursue a tight monetary policy even if this leads to an appreciation of the Swiss franc.

The trend in interest rates over the last few months has left London rates lower than those in New York, and has led to a sharp reduction in discounts on forward sterling against the dollar. The forward pound has been at a premium on occasions, although most short-term positions have remained fairly close to par, with 12-month rates at a discount.

Sterling lost a little ground against the dollar in the early part of the week, but was then generally firm, finishing at $1.7428-1.7432, a rise of 3 points on the week. Its trade-weighted index on the basis of the Washington Agreement, as calculated by the Bank of England, was unchanged at 62.4, while the dollar's depreciation, according to Morgan Guaranty, widened to 0.63 per cent. from 0.58 per cent.

Gold rose $2½ to $151½-151¾, partly on fears about U.S. inflation and future events in the Middle East and South Africa.

| Sept. 23 1977 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Local Auth. negotiable bonds | Finance House Deposits | Company Deposits | Discount market deposits | Treasury Bills | Eligible Bank Bills | Fine Trade Bills |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 2 days notice | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 7 days or | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 7 days notice | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| One month | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Two months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Three months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Six months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Nine months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| One year | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Two years | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Local authorities and finance houses seven days' notice, others seven days fixed. [illegible]

Finance House Base Rates (published by the Finance Houses Association) 7½ per cent. from September 1, 1977. Clearing Bank Deposit Rates for small sums at seven days' notice 3 per cent. Clearing Bank Base Rates for lending 7 per cent. Treasury Bills: Average tender rates of discount 5.4149 per cent.

### FOREIGN EXCHANGES

| Sept. 23 | Bank Rate % | Day's Spread | Close |
|---|---|---|---|
| New York | [illegible] | [illegible] | [illegible] |
| Montreal | [illegible] | [illegible] | [illegible] |
| Amsterdam | [illegible] | [illegible] | [illegible] |
| Brussels | [illegible] | [illegible] | [illegible] |
| Copenhagen | [illegible] | [illegible] | [illegible] |
| Frankfurt | [illegible] | [illegible] | [illegible] |
| Lisbon | [illegible] | [illegible] | [illegible] |
| Madrid | [illegible] | [illegible] | [illegible] |
| Milan | [illegible] | [illegible] | [illegible] |
| Oslo | [illegible] | [illegible] | [illegible] |
| Paris | [illegible] | [illegible] | [illegible] |
| Stockholm | [illegible] | [illegible] | [illegible] |
| Tokyo | [illegible] | [illegible] | [illegible] |
| Vienna | [illegible] | [illegible] | [illegible] |
| Zurich | [illegible] | [illegible] | [illegible] |

†Rates given are for convertible francs. Financial franc [illegible].

### OTHER MARKETS

| Sept. 23 | £ | | Note Rates |
|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] |

Rate given for Argentina is free rate.

### GOLD MARKET

| | Sept. 23 | Sept. 22 |
|---|---|---|
| Gold Bullion (a fine ounce) Close | $151½-151¾ | $151-151½ |
| Opening | [illegible] | [illegible] |
| Morning fixing | [illegible] | [illegible] |
| Afternoon fixing | [illegible] | [illegible] |
| Gold Coins, domestically Krugerrand | [illegible] | [illegible] |
| New Sovereigns | [illegible] | [illegible] |
| Old Sovereigns | [illegible] | [illegible] |
| Gold Coins, internationally Krugerrand | [illegible] | [illegible] |
| New Sovereigns | [illegible] | [illegible] |
| Old Sovereigns | [illegible] | [illegible] |
| $20 Eagles | [illegible] | [illegible] |

### EXCHANGE CROSS-RATES

| Sept. 23 | Frankfurt | New York | Paris | Brussels | London | Amst'd'm | Zurich |
|---|---|---|---|---|---|---|---|
| Frankfurt | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| New York | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Paris | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Brussels | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| London | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Amst'dam | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Zurich | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

U.S. $ in Montreal U.S. $=[illegible] Canadian Cents. Canadian $ in New York [illegible]. U.S. $ in Milan [illegible]. Sterling in Milan [illegible].

### FORWARD RATES

| | One month | Three months |
|---|---|---|
| New York | [illegible] | [illegible] |
| Montreal | [illegible] | [illegible] |
| Amst'dam | [illegible] | [illegible] |
| Brussels | [illegible] | [illegible] |
| Cop'hagn | [illegible] | [illegible] |
| Frankfurt | [illegible] | [illegible] |
| Lisbon | [illegible] | [illegible] |
| Madrid | [illegible] | [illegible] |
| Milan | [illegible] | [illegible] |
| Oslo | [illegible] | [illegible] |
| Paris | [illegible] | [illegible] |
| Stockh'lm | [illegible] | [illegible] |
| Vienna | [illegible] | [illegible] |
| Zurich | [illegible] | [illegible] |

Six-month forward dollar [illegible]. 12-month [illegible].

### EURO-CURRENCY INTEREST RATES*

| Sept. 23 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | W. German mark |
|---|---|---|---|---|---|---|
| Short term | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 7 days notice | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Month | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Three months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Six months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| One year | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Euro-French deposit rates: [illegible].

Long-term Eurodollar deposits: [illegible].

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

### CURRENCY RATES

| Sept. 23 | Special Drawing Rights | European Unit of Account |
|---|---|---|
| Sterling | 0.663530 | 0.653059 |
| U.S. dollar | [illegible] | [illegible] |
| Canadian dollar | [illegible] | [illegible] |
| Austria Sch. | [illegible] | [illegible] |
| Belgian franc | [illegible] | [illegible] |
| Danish kroner | [illegible] | [illegible] |
| Deutsche mark | [illegible] | [illegible] |
| Dutch guilder | [illegible] | [illegible] |
| French franc | [illegible] | [illegible] |
| Lira | [illegible] | [illegible] |
| Yen | [illegible] | [illegible] |
| Norway krone | [illegible] | [illegible] |
| Spanish peseta | [illegible] | [illegible] |
| Swedish krona | [illegible] | [illegible] |
| Swiss franc | [illegible] | [illegible] |

MINING NOTEBOOK

# Cross-currents buffet Western Mining

BY LODESTAR

"THE COMPANY and its subsidiaries constitute one of Australia's largest diversified mining groups. It is the fourth largest integrated nickel producer in the non-Communist world and accounted for over 6 per cent. of total mine production in 1976. Gross income and profits are derived for the most part from its nickel operations but the company also has interests in aluminium, gold, talc and uranium."

This is Western Mining's self-portrait painted in connection with its $US40m. 1992 bond issue the terms of which are expected this week. The proceeds will be used to fund part of its capital expenditure programme and to re-finance maturing U.S. dollar borrowings. The company also details its much improved results for the year to last June.

The shares, however, linger at a lowly 109p and prospects are complicated by so many conflicting influences that some endeavour to sort them out is warranted. Firstly, of course, the depression in the nickel market bodes ill for Western Mining's 1977-78 earnings. It has already forced the group to institute a 10 per cent. production cutback. Managing director Arvi Parbo pointed out in Melbourne that the higher sales and profits in the past year were largely due to the company's ability to make spot sales in the world market and the devaluation of the Australian dollar.

He saw no recovery for nickel in the near term. Without this Western Mining's operating profit could be "materially lower" in 1977-78. He added that the present metal price was "far too low" to justify the new developments which are necessary to ensure adequate world supplies in the longer term. Otherwise a shortage of nickel could develop in the early 1980s.

Something of a current-year saviour for earnings could be the investment in the thriving aluminium producer Alcoa of Australia, in which a 20 per cent. stake is held and the rising profits of the 50.5 per cent.-owned Central Norseman Gold. It is significant that the company has written up the value of its unquoted Alcoa investment from $A50m. to $A100m. (£63m.).

## Speculative lure

Even so, income from these sources while useful for maintaining liquidity is hardly likely to prevent a cut in the already rather meagre 6 cent dividend. On this basis Western Mining shares could have further to fall. A sustaining factor, however, is the speculative lure represented by other long-term prospects despite the withdrawal from the Hail Creek coal venture and the unfortunate mineral sands project, now on care and maintenance.

These prospects are the Yeelirrie uranium deposit in Western Australia and the exciting Roxby Downs copper-uranium find in South Australia which Mr. Parbo thinks is shaping into what could be a massive orebody although it is still in the exploratory stage and its development some years away.

A company spokesman has indicated that the pilot metallurgical research plant at Kalgoorlie for Yeelirrie's uranium ore could in due course and with some modifications also be used to test ore from Roxby Downs. The care to be taken in the assessment of Yeelirrie ore (proved reserves are 32m. tonnes averaging 3.3 lbs uranium oxide) is emphasised by the fact that water from the site will be carted to Kalgoorlie in case the local supply has different treatment qualities. The eventual full-scale plant will be on site at Yeelirrie.

Western Mining will no doubt hope that when the day comes along to exploit Yeelirrie and Roxby Downs Australia will have solved the many problems, environmental, political and trade union, that currently plague the other potential uranium producers. Finally, there is the group's oil exploration to be considered especially that in South Australia's Pedirka Basin although recent news from the latter has not been encouraging.

So Western Mining is not without some long-term sources of share market stimulation while even the nickel market must surely revive eventually. Mr. Parbo's next pronouncement on the group's overall prospects will come at the annual meeting on December 1. Meanwhile, the verdict must be that no buying bell is ringing for Western Mining at the moment but it could start to tinkle softly over the next few months or two if further news of its new ventures proves encouraging.

## BH South enigma

Which brings us round to another enigma in the same Collins House group, BH South. It has liquidity problems forcing it to sell off some of its interests, a move which has helped to spark speculation about the possibility of a take-over. But it would be a tough nut to crack in a group of this nature which also includes North Broken Hill.

In fact, some of the heavy trading in B. H. South shares in recent months has been on account of North Broken Hill which by the beginning of September had built up its stake to 12.8 per cent. in what seemed to be a defensive move. As was South's write-up of the value of its investment portfolio by a massive $A59.6m. to $A194m. (£123m.).

Here again, as with Western Mining, a major component is a 16.6 per cent. take in Alcoa of Australia. In the meantime, South is looking for an equity partner in the big Queensland phosphate venture which has been a loss-maker so far owing to marketing difficulties. This has precluded South's officially predicted return to the dividend list.

But shareholders should not despair. South's price lingers at 95p. But at least the associated North Broken Hill considers them worth buying. Possible phosphate partners are thought in Sydney to be ICI Australia or America's International Mineral and Chemical. There is also talk down-under that Alcoa of Australia may make a public offering of part of its equity a move which it is considered could generate substantial profits for BH South. And that take-over attempt could still come about.

* * *

Gold Fields Property shares at 93p have doubled in price this year and were an extremely active market in Johannesburg last week. Uranium prospects at the old Luipaards Vlei mine are the talking point there. Further details are hoped for at the annual meeting on October 13. Consolidated Gold Fields has a 25 per cent. beneficial interest in GFP.

INSURANCE

# Inflation increases need for adequate profits

BY OUR INSURANCE CORRESPONDENT

MEMBERS OF the Chartered Insurance Institute attended the 76th annual conference last week. The conference, as usual, was part discussion, part formal business, and on the first day papers were presented on three aspects of communication—communication between the industry and the insuring public, between the industry and government and finally within the industry itself.

Oddly enough, although one paper emphasised the need to ensure "the survival of our private industry in our mixed economy" and to make certain that "the public believe in the part which their savings and our industry play in it," there was virtually nothing said about bringing home to the insuring public, be they individual private citizens or commercial organisations, the need of the industry to run its affairs profitably.

Indeed, I have searched right through the papers, and in vain, for any word on profit. The majority of the British companies, the entirety of Lloyds Underwriters, and all the intermediaries in the market operate for profit.

In these inflationary years it is more than ever essential that insurers make adequate underwriting profit, probably in the range of 8 per cent. or more, if solvency margins are to be maintained to accommodate inflationary growth.

I find, both in the industry and outside, among the mass of policyholders, that there is far too little appreciation of this basic fact of trading life. On both sides of the counter, so to speak, there is a widespread view that so long as an insurance company has an excess of investment income over underwriting loss, enough to pay its dividends, then all is well.

Indeed, many of the companies, through their published statements and reports, do much to provoke and perpetuate this kind of euphoria.

All too often, underwriting misfortunes get brushed under the Boardroom carpet, so that when an individual company decides to increase its rates for a particular class of loss-making business, it can encounter a high degree of consumer scepticism.

Particularly, this is so at the present time in the field of household insurance. In 1976, all insurers underwriting this kind of business took a thorough beating, particularly from subsidence and storm claims, but also from the continuing upsurge of crime loss claims.

This adverse situation was made that much worse by the high degree of under-insurance to which the majority of policyholders subscribed.

In 1977 while subsidence claims are still coming through apace, there have so far been no storms, but crime is not slackening: on the premium side individual companies have been taking considerable steps to persuade policyholders to get adequate insurance and therefore to make their proper contribution to insurers' funds.

At this stage of the year, insurers are still losing substantial sums, millions of pounds in the market as a whole, and there is so little prospect of household profit even by 1979, let alone 1978, that sometime soon, quite apart from campaigning for adequacy of sums insured, most insurers writing household business, buildings and contents, must start adjusting their rates upwards.

Nowadays, the Department of Trade supervises rates, and the insuring public ought in theory to be satisfied that when an insurer raises his general level of book rates for average risks, these increases have the department's approval.

But in practice there is still widespread ignorance of the part played by the Department in monitoring increases, as evidenced by the number of inquiries that it receives.

Concentrating on the household sector of British insurance business, insurers collectively have a tremendous, overwhelming case to present to the public, and likely to be paid, and on the need for positive premium revision to put this multi-million pound sector of the business back into profit.

But so far as I know, no one in the industry is communicating this news loudly and clearly, either to the media or to policyholders.

At last week's conference I would have liked to have seen much more written, and preferred to have heard much more said, on this kind of communication.

If Sir Henry Mance, the new CII President, is already looking for a theme for next year's conference, may I be bold enough to suggest "The necessity of profitable underwriting."

## London tea sales

At the [illegible] sale held in London last week 44,547 packages sold realised an average price of 107.22p per kilo compared with 107.15p at the previous sale and against 97.33p a year ago. Plain tea was quoted at 75p.

| | No. of kilos | Average per kilo |
|---|---|---|
| African Highland Prod. | [illegible] | [illegible] |
| Assam Frontier | [illegible] | [illegible] |
| Assam Tea | [illegible] | [illegible] |
| Glenbye | [illegible] | [illegible] |
| Borelli | [illegible] | [illegible] |
| British Africa | [illegible] | [illegible] |
| Cachar and Dooars | [illegible] | [illegible] |
| Central Africa | [illegible] | [illegible] |
| Dekhari | [illegible] | [illegible] |
| Doom Dooma | [illegible] | [illegible] |
| Jokai | [illegible] | [illegible] |
| Jorehaut | [illegible] | [illegible] |
| Kenya Tea Company | [illegible] | [illegible] |
| Kenya Tea Development | [illegible] | [illegible] |
| Lujeri | [illegible] | [illegible] |
| Moran | [illegible] | [illegible] |
| Ruo Estates | [illegible] | [illegible] |
| Sri Lanka SP | [illegible] | [illegible] |
| Tingri | [illegible] | [illegible] |
| Tiloyru | [illegible] | [illegible] |

Stocks at September 16 amounted to [illegible] metric tons, compared with [illegible] metric tons a year ago. Converted at [illegible] kilos per package.

# John Bull and the china shops

BY DAVID FREUD

POTTERY was one of the earliest signs of civilisation. With textiles it is also among the first modern industries that most developing countries strive to establish. Yet in complete contrast to the textile manufacturers in the U.K., who have been retreating before foreign cheap labour competition for decades, the British pottery industry has moved from strength to strength in the last 30 years.

The industry is based in Stoke on Trent in North Staffordshire, where about 80 per cent. of total production is concentrated. The six towns—Arnold Bennett left out Fenton—are among the most inward-looking areas in the country. Yet more than 50 per cent. of Stoke's pottery production is for foreign consumption, a proportion believed to exceed that of every other industry except Scotch whisky.

This high level of exports is not a new phenomenon. Mr. Sam Jerrett, the director of the British Ceramic Manufacturers Federation, claims that the proportion has never dropped below 40 per cent. in the past 25 years.

Over the same period, growth has been steady. There have been few years in which overall output did not increase.

Dominating the industry with 60 per cent. of sales is the tableware sector. Its strength—especially in exports—has disguised the poorer performances in the last few years of insulators, sanitary ware and tiles.

Direct exports of tableware last year totalled £89.3m., about 60 per cent of production. Indirect exports, purchases by tourists, are estimated to amount to as much as another 20 per cent. Imports by contrast were worth only £[illegible]m. Exports this year look set to exceed the £100m mark, easily. In the first five months of the year they were £45.2m compared with £31.6m in the same period of 1976. In volume terms the increase was 11 per cent.

The spectacular rise in exports in the last 18 months is attributed by Mr. Jerrett to the weakness of sterling. Yet thorough marketing effort was required to capitalise on the competitively-priced currency.

British china is a quality product. The leading product—bone china, so-called because it is at least 35 per cent. calcium phosphate or calcined bone—is technically a difficult product to make. Few foreign competitors try, although Korea, Japan and Taiwan produce some. Helped by the mystique that attaches to anything unique, bone china manufacturers claim their product is whiter and better than the foreign equivalent, porcelain. More important, many consumers agree with them and are prepared to back their taste with cash.

Using bone china as their vanguard, British manufacturers have been able to exploit their penetration of foreign markets by exporting earthenware and stoneware products, even, in the case of Royal Doulton Tableware, developing non-bone fine china lines on the continental model.

It is not an industry in which long production runs are common. The manufacturers break each foreign market down into a number of sectors and aim to produce ware planned specifically to appeal to them. This is not an approach designed to allow standardisation. No fewer than 50,000 different items are produced by Royal Doulton, which divides 65 per cent. of the industry's turnover fairly evenly with Wedgwood.

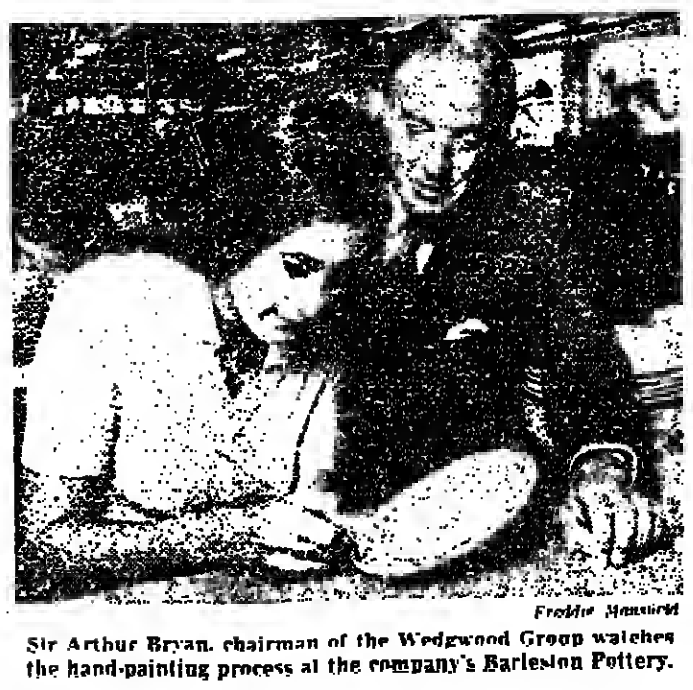
Mr Richard Bailey, chairman of Royal Doulton, said: "We define ourselves as a marketing organisation. Our job is to identify the needs of each of our world markets and satisfy those needs. Success in building our position in the last 25 years has been due to our use of sophisticated but extremely effective design research techniques to predetermine the market receptivity to new designs before they are introduced."

With such great variety, automation has inevitable limits. The British Ceramic Research Association, whose work is closely tied to the needs of the industry, developed machinery for producing spray dried bodies. The clay dust as opposed to wet clay processes allowed better batch control. However, the industry has not taken up the idea because its short runs would make it uneconomic. The West German industry, which is less market-orientated and has longer production runs, is now investigating the process.

According to Mr Bailey, "We've automated those parts of the production process which represent the donkey work. The skills, artistry and craftsmanship are preserved because they represent the quality built into the product." At Wedgwood's main factory at Barlaston, this process has allowed output per person exactly to double in the last 21 years.

The industry's performance would have been impossible without its rapid rationalisation. Over the last 15 years the number of companies has declined from about 200 to 10 big ones. The process has brought no closures, although only three new plants have been built.

Mr. Jerrett said: "We saw the need for rationalisation in plenty of time and I cannot believe we could have existed without it." The main effect has been to concentrate overseas marketing effort. Mr. Peter Williams, the deputy chairman of Wedgwood, explained how Coalport, hardly known in the U.S. before Wedgwood took the company over, was now a major sales success in that country. "It got its strength from being part of a worldwide group. All we did was to put it on the shelves. Now it has its own sales division."



Freddie Mansfield

Sir Arthur Bryan, chairman of the Wedgwood Group watches the hand-painting process at the company's Barlaston Pottery.

The effect of rationalisation in Wedgwood's case can be seen by comparing output. In 1956 the constituent factories and companies that now make up Wedgwood probably had a turnover of £4m. This year turnover is projected at £75m. Inflation hardly makes a dent on the contrast.

Mr. Bailey makes a similar claim for the Doulton rationalisation, which brought together 21 separate factories employing 10,000. "I'm quite convinced that bringing them together into a single group has had an enormous influence on developing their full potential through the very much stronger presence that each can have under the overall marketing operation."

The two big companies see marketing as the key, and both have built up powerful sales forces or marketing companies abroad. The industry's success in West Germany is a case in point. Sales have climbed from the £60,000 quota of 1950 to nearly £9m last year. This has been done by developing a new market in sales through retail chains. The German industry's sales have through this period been largely confined to specialist shops.

North America is by far the most important market, taking £13.8m. in U.K. exports last year, almost half the total.

Investment levels are high. Royal Doulton Tableware, which completed reorganisation last year, is ploughing back £5m this year when turnover is expected to be up in real terms on last year's £80m. Wedgwood, employing around 10,000—like Doulton—reinvests about £4m. each year, on top of a £74m. 2½-year expansion programme which began 12 months ago.

Tableware manufacturers have been able to develop a world market in which their structure — many small factories, rather than a few major centres—are a positive advantage, allowing flexibility and the shorter production runs required. Added to that are an expert and dedicated workforce and long-established overseas sales operations. The final element is a reputation—or a series of reputations—that has taken decades of patience to develop.







Indices

EAS SHARE

…NDS

BY MARY CAMPBELL

# …S. money supply move anticipated

…n on Friday to the …o the U.S. money …last week was less …ave been expected …ards since the mar… …ady discounted a …t.

…off an eighth on … changed, but they … fallen back on … once, the market …her than merely …e in the money …he further fall in …day was probably … that the rise was … high end of the …ket had expected. … according to some …sionals had already …r books as far as

…hort-term question …at the end of last … extent to which … movement of the … supply above the …set by the Federal … been reflected in …est rates already. …nt to which the …ises are yet to come …ney supply stays

… saw some pretty …oth to the United … Europe—the six month Eurodollar rate reached 6¾-7¼ on Thursday and Friday, up a quarter of a point on the week.

Salomon Brothers—the U.S. brokerage house which is highly regarded for its analysis of such subjects—was arguing at the end of last week that the Fed is currently responding much faster to rises in U.S. monetary aggregates than earlier this year, on a week-by-week basis. Even if it does nothing else, this analysis would explain why the bond markets are reacting so much more sharply to the weekly U.S. money supply figures than earlier this year.

Last week's rises in the interest rates have pushed the differential between bond yields and deposit interest rates to a level which many would regard as the limit for a large new issue calendar. At the beginning of last March there was a 2¾ point differential between long term bond yields (as calculated by Bondtrade) and six month Eurodollar rates: the differential has in the last week fallen below one point.

The sharp rise in inter-bank rates last Thursday has put particular pressure on the Citicorp two-tranche deal, announced on Tuesday. The 6¾ per cent. being offered on the three year tranche compares with about 7¼ being paid by banks for three year inter-bank money; the 7 per cent. being offered on the four year tranche compares with 7½ being paid by banks for four-year money on the inter-bank market. The differentials were of course less when the issue was announced.

To take another measure the Citicorp yields compare with 7.10 per cent. being offered currently to secondary market purchasers of the recent Oesterreichische Kontrol bank three-year issue and 7.65 being offered on the OKB five-year issue.

The successful placement of the Citicorp issue would seem to depend on two main factors. One is the likelihood that Citicorp, like OKB before it, is exploiting a fault in the market mechanism which either had not existed before or which no one had tried to exploit before. The fault is the lack of arbitrage between the money markets and the bond markets at intermediate maturities.

One institution was arguing on Friday that the reason Citicorp is able to offer less on bonds than on inter-bank deposits or certificates of deposit is that bond investors (or investment managers) do not look on money market instruments as potential investments.

Another aspect of the same fault is that Citicorp issuing bonds is regarded as that rare investment opportunity in Europe, a triple-A rated U.S. company, while Citicorp issuing money market instruments is nothing special. A final aspect is the size of denomination—$1,000 in the case of bonds and anything from $25,000 upwards in the case of the money markets.

The other factor which may lie behind the successful placement is that the de facto yield to initial investors may be much higher than the coupon because the issuing syndicate is giving away a lot of the fees.

If one assumes that the full fees are being given away on a par pricing—one percentage point in the case of the three year notes and 1¼ in the case of the four-year notes then this would raise the yields to 7.13 and 7.34 respectively.

Among new issues expected quite soon is one in Canadian dollars for the American Hospital Supply and one in U.S. dollars for Tate and Lyle.

**BONDTRADE INDEX**

| | Sept. 23 | Sept. 16 | 1977 High | 1977 Low |
|---|---|---|---|---|
| Medium term | 102.57 | 102.64 | 103.09 | 102.30 |
| Long term | 96.00 | 96.07 | 96.27 | 94.78 |
| Convertible | 109.16 | 110.19 | 111.22 | 107.62 |

**EUROBOND TURNOVER**

(Nominal value $m.)

| | U.S. $ Bonds Last week | U.S. $ Bonds Previous week | Other Bonds Last week | Other Bonds Previous week |
|---|---|---|---|---|
| Cedel | 550.6 | 1,824.4 | 149.7 | 164.0 |
| Euroclear | 1,356.0 | 2,286.7 | 200.2 | 193.0 |

**CURRENT EUROBOND ISSUES**

| Borrowers | Amount m. | Maturity | Av. life years | Coupon % | Price | Lead manager | Offer yield % |
|---|---|---|---|---|---|---|---|
| **U.S. DOLLARS** | | | | | | | |
| ‡Denki Kagaku Kogyo (g'teed Dai-Ichi Kangyo) | 26 | 1982 | Bullet | 7¾ | 99 | Nikko, Merrill Lynch, Schroder | 8.00 |
| ‡Natomas | 30 | 1984 | 6 | 8 | 99½ | Swiss Bank Corp., Salomon | 8.10 |
| ‡CNT (g'teed France) | 75 | 1989 | 2½ | 8¼ | 99½ | Deutsche, UBS | 2.32 |
| ‡§Babcock & Wilcox | 35 | 1992 | — | 7 | 100 | Orion | 7.00 |
| Keppel Shipyard | 15 | 1984 | ¶ | 2½ | discount | Daiwa | * |
| †Banque Nationale d'Algérie | 30 | 1982 | Bullet | 7¾ | 100 | KIC, BNP | 7.90 |
| Western Mining | 40 | 1992 | 11.66 | 9 | * | S. G. Warburg | * |
| Toray Industries | 30 | 1985 | 4.75 | 7¾ | discount | Nomura, Warburg | * |
| Citicorp | 100 | 1980 | Bullet | 6¾ | * | CSWW, Citicorp Intl. | * |
| Citicorp | 200 | 1981 | Bullet | 7 | * | CSWW, Citicorp Intl. | * |
| †Société Générale | 60 | 1984 | Bullet | 7½ | 100 | Morgan Stanley | 7.12 |
| **D-MARKS** | | | | | | | |
| ‡Crédit National (g'teed France) | 150 | 1987 | 8 | 6 | 99⅝ | Dresdner | 6.04 |
| ‡Banco Nacional de Obras | 150 | 1984 | Bullet | 7 | 99½ | Dresdner | 7.14 |
| Banque Extérieure d'Algerie | 100 | 1983 | 5 | 7½ | * | DGbank, BAII | * |
| Petrobras | 150 | 1984 | Bullet | 7 | * | West LB | * |
| **‡Borregard | 25 | 1284 | Bullet | 6½ | 99 | Deutsche | 6.68 |
| **CANADIAN DOLLARS** | | | | | | | |
| **Kraftco | 25 | 1982 | Bullet | 8½ | * | CSWW | * |
| **SWISS FRANCS** | | | | | | | |
| ‡Swiss Aluminium Australia | 100 | 1992 | n.a. | 4¾ | 99 | Crédit Suisse | 4.85 |
| ‡Pemex | 100 | 1287 | n.a. | 5¾ | 100 | Swiss Bank Corp. | 5.75 |
| **GUILDERS** | | | | | | | |
| ‡**Akzo | 60 | 1984 | Bullet | 7½ | 99½ | AmRo | 7.59 |
| **YEN** | | | | | | | |
| IADB | 15bn. | 1929 | n.a. | 6.8 | 29¾ | Nomura | 7.00 |
| New Brunswick | 12bn. | 1929 | n.a. | 7 | 92¾ | Yamaichi | 7.15 |

* Not yet priced ‡ Final terms § Convertible ** Placement ¶ Purchase fund ¹ Floating rate note Minimum—in the case of Société Générale the minimum lasts only six months.

## Indices

NEW YORK—DOW JONES

STANDARD AND POORS

**N Y S E. ALL COMMON**

| Sept. 23 | Sept. 22 | Sept. 21 | Sept. 20 | 1977 High | 1977 Low |
|---|---|---|---|---|---|
| 52.37 | 52.08 | 52.08 | 52.49 | 57.07 (4.1) | 52.07 (25.9) |

**Rises and Falls** Sept. 23

Issues Traded—1,849 Up—665

Down—666 Same—518

New Highs—23 New Lows—87

MONTREAL

TORONTO

JOHANNESBURG

## GERMANY

## JOHANNESBURG

MINES

INDUSTRIALS

## AUSTRALIA

## PARIS

## VIENNA

## BRAZIL

## OSLO

## SPAIN

## TEL AVIV

## AMSTERDAM

## TOKYO

Source Nikko Securities, Tokyo.

## COPENHAGEN

## SWITZERLAND

## BRUSSELS/LUXEMBOURG

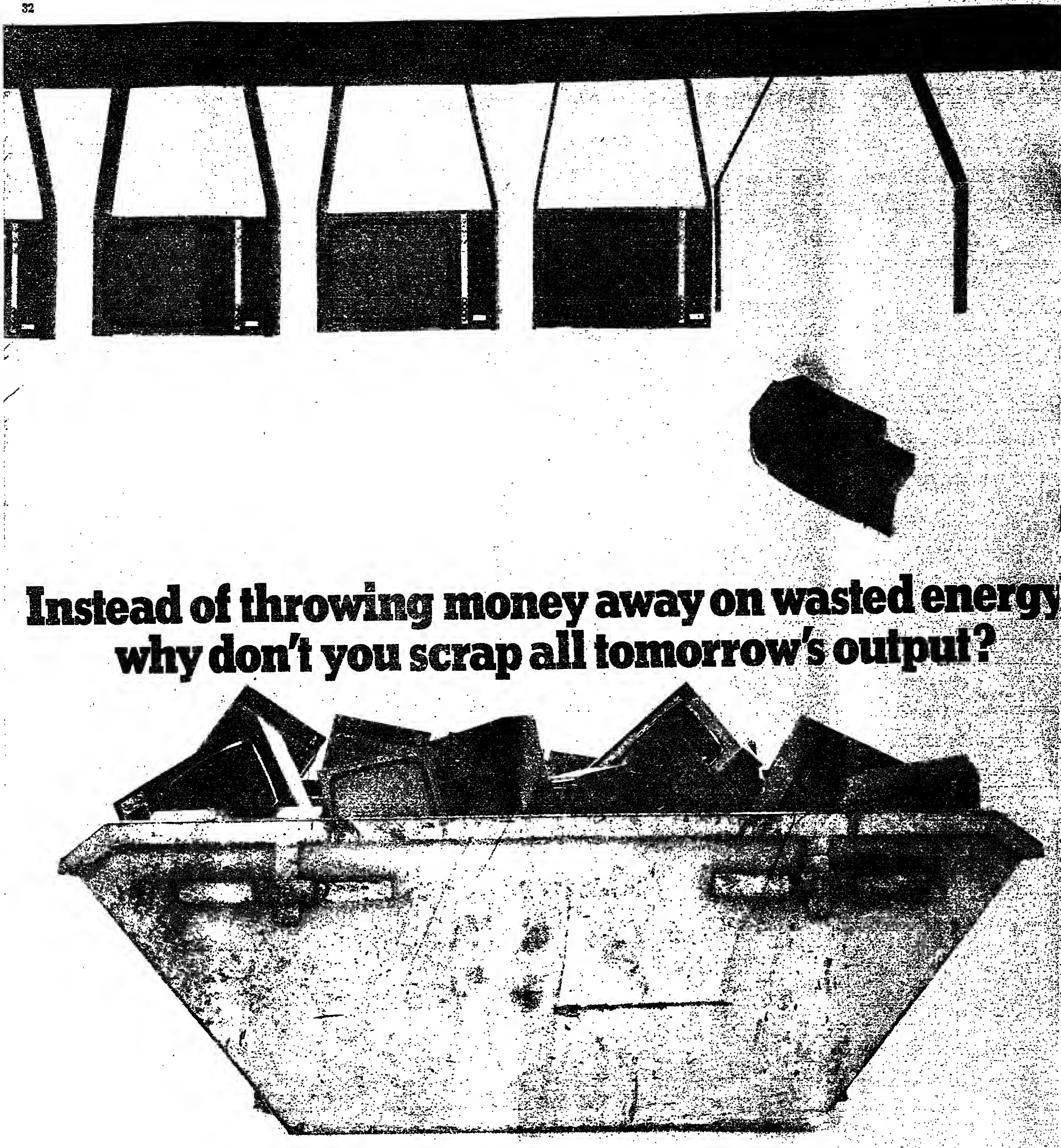
## MILAN

## STOCKHOLM

## …SEAS SHARE INFORMATION

## CANADA

Investment premium based on $2.60 per £—90% (90%).



# Instead of throwing money away on wasted energy why don't you scrap all tomorrow's output?

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We've got to be kidding? OK, but what about the money you're wantonly chucking away on energy bills?

Most small to medium size companies in Britain are wasting between 10% and 15% all the time without even realising it. On heating, lighting and power.

Which means that if your fuel bills are £10,000 per annum, that's £1,500 wasted. If they're as high as £1 million, that waste could be as high as £150,000.

Right, how can you stop it? Use the coupon to send off for our wide range of energy saving technical booklets. They're free and cover many aspects of industrial energy loss. Tick the ones you need.

But most important, use the coupon to arrange for an Energy Survey. We'll send you a list of independent consultants. The one you choose will spend one day on your premises evaluating your specific areas of energy wastage.

It'll cost you a modest fee, up to £60 of it now being paid by us.

And when your consultant's report comes in, it should give you a detailed breakdown of your major energy losses. In one recent report, for instance, it was found that the mid-morning electricity peak demand in one factory wasn't due to a new milling machine, but to the profusion of office kettles.

In any event, with the money you can save, next year's production could reach an all time high.

**To: Department of Energy, Free Publications, P.O. Box 702, London SW20 8SZ.**

ENERGY SURVEY SCHEME: Leaflet and list of Consultants ☐

FUEL EFFICIENCY BOOKLETS:

1. [illegible] ☐
2. The [illegible] use of latent heat ☐
3. [illegible] ☐
4. Compressed air and [illegible] ☐
5. Steam [illegible] and fuel [illegible] ☐
6. Flash steam and vapour recovery ☐
7. Degree days ☐
8. The economic thickness of insulation for hot pipes ☐
9. How to make the best use of condensate ☐
10. Controls and energy savings ☐

Name ______

Company ______

Address ______

______

Position ______

SAVE IT

FINANCIAL TIMES SURVEY

Monday September 26 1977

هكذا من الأحبل



# [M]anaging Energy

**Today's National Energy Managers' Conference should mark an important point in Britain's developing energy policies. It should indicate the growing emphasis on the need for conservation, even though the country is close to fuel self-sufficiency.**

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NT of Energy way towards th Sea oil and should match mand in the haps a sad re- ernment poli- ll he the first ithony Wedg- gy Secretary. major speech While concen- ore positive Sea develop- for the coal debate over sion. Mr. as preferred conservation hn Cunning- ry Under for Energy. Dr. Cunning- ng his effort iasm in con- ing out that sting £1.3bn. The figure conservative. on an annual al users of other words, it so across- f at least 10 ssible. There energy indus- given better ards, more generation much more management ortunities for and go way

beyond the theoretical 10 per cent. cuts.

This underlines another reason why to-day's conference is important. It recognises the role that can, and must be played by managers given the responsibility of curbing the use of irreplaceable fossil fuels. Some 700 delegates from industry, commerce and the public sector will almost certainly be told that over the next 25 years or so energy conservation has a more important role to play than the development of alternative energy sources.

To quote Dr. Cunningham again, energy conservation offered more potential for bridging the expected energy gap than all the alternative sources of energy put together. Conservation would save the country, the equivalent of 2bn. a year in fuel costs by the year 2,000, he said. This was using proven conservation technology. "The alternative sources of energy are as yet unproven technically: we do not yet know how economic they will turn out to be."

The Energy Department has recently come in for some sharp criticism by the Select Committee on Science and Technology over the Government's attitude to alternative energy. The Committee, reporting earlier this month, found that the Department had been too complacent about developing these new forms of energy: that Government spending on research and development had been "grossly inadequate" and that the attitude to tidal power had been "excessively timid."

## Expected

Mr. Wedgwood Benn was forced to concede that the Government may not have achieved the correct balance between investment on fossil and nuclear fuels, alternative energy and conservation. The way in which the Government will allocate resources is likely to be outlined in the keenly-awaited Energy Green Paper which is expected to be passed to the new Energy Commission for consideration sometime in November.

*This Survey coincides with the Department of Energy's one-day National Energy Managers' Conference at the National Exhibition Centre, Birmingham.*

If the Government can be criticised for complacency, then so must many large companies. It is true that in a number of cases the top management of firms have taken a constructive and deliberate approach to energy conservation. Companies like Courtaulds, Marks and Spencer, and Esso have had direction from the top that energy saving is a vital part of cost control. Or, to put it more positively, energy conservation is a means of generating extra cash flows.

Take Courtaulds. In the two years to January this year it had £10.5m. more cash to spend as a result of its energy conservation programme. That was the amount that would have been spent on fuel and power if, in 1974, the Board had not set an energy saving target of 10 per cent. There are many other examples that can be quoted: Vauxhall, to mention just one, spent £5,000 on time clocks for heating, ventilation and lighting and saved £58,000 in one year.

It is estimated that last year, domestic, commercial and industrial users of energy saved well over £500m. worth of fuel. This means that the Government's "Save It" campaign may have been instrumental in reducing energy demand by some 6 to 8 per cent. as against the 2 per cent. saving in 1974. Economists argue over how much of that saving should be ascribed to public spirited conservation. Higher fuel prices have clearly helped to dampen demand, as they are likely to do in the future.

There are many in the energy industry who expect fuel prices to double over the next 20 years. It is even being suggested in the Millbank headquarters of the Energy Department that prices may treble by the end of the century. And it must be remembered that these forecasts are made on the basis that the increases will be in real terms.

Energy self-sufficiency which should be attained in the next two years, will not shield the U.K. from rising prices. The benefit will be seen in terms of the external trade balance and the taxes and royalties that will be paid by offshore oil and gas operators.

## Danger

For a relatively short time—perhaps a couple of decades—Britain will be producing all the oil, gas, coal, nuclear and hydro-electricity it will need: an almost uniquely happy position. But there is a hidden and real danger that we will fall back into bad habits and disregard the need to save fuel and develop alternative forms of energy. It is a danger concerning the Government, energy producers and energy managers alike for if this happens Britain will eventually find itself at a serious disadvantage to other trading nations which (because of their import requirements) are being forced to take immediate action.

The question must be asked, therefore: is the Department of Energy doing enough or is it too complacent, as the Select Committee on Science and Technology suggests? The answer should come in the Energy Green Paper.

It is unlikely that the Energy Secretary will reveal a bumper package of conservation measures to-day, however much this might be keenly awaited. But he could give a few hints about possible developments.

For instance, the Government is committed to its Save It campaign for at least the next three years. By the end of March about £8m. will have been spent including some £2m. on a current campaign which looks like spawning some controversial television advertisements.

Some of the existing measures may well be retained: such as the energy survey scheme which provides modest financial help towards the cost of hiring energy consultants: the Department of Industry's energy audit and energy thrift schemes: and the Government's energy technology support unit. Indeed the flow of technical information may well be increased.

There must be a question mark over the effectiveness of the energy saving loan scheme, however. This was introduced as a safety net to provide companies with loans if they were unable to raise cash for conservation measures elsewhere.

Very few companies have taken advantage of the loan scheme, mainly because it offers no carrots. The interest rate matches commercial rates. Industry has generally taken the attitude that if they could not raise the money on the market, or generate the capital internally, the job was not worth doing.

Much more could be done to encourage energy conservation. Insulation standards could, and should be improved. There might be a case for giving fiscal or tax incentives to companies and householders installing energy-saving equipment. (The Select Committee on Science and Technology wants Government grants to be paid towards those who instal solar heating equipment).

Such carrots might be introduced although they may well be accompanied by a "stick" of some form: perhaps some long term penalty for those who fail to tackle energy conservation.

If a company is to get to grips with energy problems and keep abreast of new legislation and conservation technology it must appoint a manager with these special responsibilities. What is more the manager must have the support of the main Board. So far this has been recognised in too few instances. To-day's conference may go some way towards making amends.





# Transport and distribution

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n of oil is ls daily and is imported. t an increase 5 per cent. a "strategic" days which 30 days if the tion is con-

tage laid up world is esti- sels, totalling

Despite the bad freight market, second-hand tanker values have kept up reasonably well. Even though speculation is not the trend at present, the purchase market in August saw a number of good operable buyers.

A certain amount of activity for Norwegian account for contracting of tankers — particularly special purpose tankers — has been noted recently in the new building sector. This, says a leading Norwegian broker, must be seen in relation to a better expectation in the long term for tankers than for other types of vessels. But the broker gives a warning that some of the tanker projects are at a preliminary stage and there is a long way to go before finalisation of the deals.

The gas carrier trade is a very highly financed sector of the energy market and most contracts for the use of lpg and lng (liquid petroleum gas and liquid natural gas) are arranged between governments and the carriers. Algeria is a case in point. Contracts are usually for an annual transport of gas regardless of the particular gas carriers involved.

## Impact

But in the North Sea gas sector the U.K. and Norwegian governments are considering new gas-gathering schemes which will almost certainly add to the existing network of pipelines for natural gas supply.

The impact on British and Norwegian shipbuilding industries depressed by the shipping recession could be considerable. Last month British Shipbuilders were urged by the Boilermakers Society to turn to production of gas pipelines for the North Sea where there is estimated to be a potential £2bn. worth of orders.

The Society, worried about the lack of shipbuilding orders, says that an estimated 800-mile network will be needed for the gas fields. The figure is based on a survey commissioned by the Department of Energy but it now appears that a more modest gas gathering scheme will be implemented.

Diversification into pipelines and building chemical plants for processing gas and oil could also provide jobs for the shipbuilding industry's workers.

The gas pipeline industry has many prospects but it may be subject to hazards. The British Health and Safety Executive, for example, is to undertake a full hazard evaluation of Shell's proposed 126-miles natural gas liquids pipeline from St. Fergus to Fife.

The Grampian planning, property and development committee, with four North-East district councils, has objected to the pipeline which would carry Brent Field gas liquids to Shell's proposed complex at Mossmorran in Fife.

The committee is concerned about the projected route of the pipeline, which would pass 1 mile from the northern end of the main runway at Aberdeen Airport and only 30 yards from the Aberdeen suburb of Westhill.

At Mossmoran Shell/Esso and Esso Chemical are seeking planning permission to build a gas liquids separation plant and an ethylene plant. Along with the associated storage and jetty facilities at nearby Bracfont Bay, the project could cost in excess of £430m.

Esso Chemical is not yet committed firmly to building the ethane cracker but it needs to bring a new 500,000 tons a year ethylene plant on stream by the early 1980s and is finding the availability of ethane feedstocks from the North Sea an attractive reason for choosing Fife.

Earlier this year Sir Denis Rooke, chairman of British Gas said that he did not accept the alarmist stories about a vast energy gap in the 1990s. Dr. John Cunningham, Parliamentary Under-Secretary of State for Energy has said that the biggest challenge facing the gas industry must be the eventual and inevitable decline in natural gas supply and its replacement by synthetic natural gas (sng). British Gas, be says, is already well prepared for the development of an industry based on substitute natural gas.

"We are laying the foundations for the security of gas supply by developing the technologies which we may one day need to make substitute natural gas from coal or oil."

James McDonald

# Oil and gas needs

OIL AND GAS account for the majority of the energy used in the U.K. In line with other developed countries, Britain has taken full advantage of these flexible and easy-to-handle fuels.

The Government's Digest of U.K. Energy Statistics tells us that in terms of inland consumption of primary fuels, oil accounts for 40.7 per cent. of demand and natural gas 17.8 per cent. When considered on a heat supplied basis, oil and gas together meet 70 per cent. of the requirements. Two-thirds of industry's energy consumption, again on a heat supplied basis, is met by oil and gas while transport—another important factor in industry's costs—relies almost entirely on oil products.

So much for consumption. On the other side of the coin we find that the whole of Britain's gas industry is now linked to North Sea fields. The country is self-sufficient in natural gas. And North Sea oil is flowing at an increasing rate so that by the end of next year it should be meeting two-thirds of domestic requirements and by late 1979 should be the equivalent of U.K. oil consumption.

In short, the picture of Britain's energy supply and demand balance is rosy. The net benefit of the offshore oil programme on the country's external payments should be as much as £7.5bn. in 1985 (at 1976 prices), according to the latest Treasury estimates. Within the next three or four years the balance of payments benefit arising from offshore gas-fields could be as much as £4bn. annually. On top of all this the total Government tax and royalty revenues from gas and oil production will rise to some £3.5bn. a year by the mid-1980s.

This attractive facade hides some dangerous pitfalls, however. No one can be certain how long this happy state of affairs will last. There is a real danger that the Government and energy users will be lulled into a false sense of security only to be rudely awakened by the sirens of an energy crisis. Only last week, the Department of Energy was criticised by the Select Committee on Science and Technology for being complacent towards the development of alternative renewable forms of energy. In turn the Department of Energy is stepping up its campaign to convince private, commercial and industrial interests to be more energy conscious.

But there is another cause for concern, particularly for industry, masked by the happy self-sufficiency statistics. Oil and gas prices, now at levels undreamed of five years ago, will continue to go up. North Sea production will not insulate U.K. consumers from the increases.

## Hazardous

Predicting the extent of future price rises is a hazardous business. It is partly dictated by world economic factors but, as past events have shown, political influences also have a bearing. Sheikh Ahmed Zaki Yamani, the Saudi Arabian oil minister, recently gave a fresh warning that oil supplies would continue to be used as an oil weapon. He apparently told Japanese politicians that Saudi Arabia would limit production to 8.5m. barrels, a move which could seriously disrupt the international supply of oil once economies begin to improve.

The two-tier oil pricing system, introduced by members of the Organisation of Petroleum Exporting Countries in January, came as a surprise to virtually everyone in the oil industry. Fortunately, the crude prices have been brought back into a uniform structure, roughly 10 per cent. higher than last year. In recent months, however, slack demand and high stocks have resulted in some discounts being offered by oil producers.

It is on the cards that OPEC will implement another small price rise in January—a 5 per cent. increase is seen as likely by many observers. Although Saudi Arabia and the United Arab Emirates will probably repeat their calls for pricing restraint it is a fair bet that the majority of OPEC members will want to see some adjustment, particularly as they were dissuaded from imposing a 5 per cent. rise in July.

The Henley Centre for Forecasting recently published its own thoughts on how crude oil prices might rise over the next 14 years. Taking a base case of $12.50 a barrel in 1976, the Centre forecasts that by the mid-1980s oil prices might be in the $20 to $23.13 a barrel range and by 1991 could be as much as $21.8 to $28.1 a barrel.

**U.K. INDUSTRIAL ENERGY PRICE TRENDS**

| | Coal (1) (£ per ton) | Gas (2) (p per therm) | Fuel Oil (3) (£ per ton) | Electricity (4) (p per kWh) |
|---|---|---|---|---|
| 1975 | 19.50 | 4.95 | 41.05 | 1.250 |
| 1976 | 22.70 | 7.00 | 47.40 | 1.468 |
| 1977 | 24.90 | 8.50 | 52.85 | 1.600 |
| 1978 | 27.70 | 9.50 | 57.60 | 1.774 |
| 1979 | 30.20 | 10.40 | 62.80 | 1.932 |
| 1980 | 32.50 | 11.30 | 67.50 | 2.000 |
| 1980-85 Average annual % increase | 5.5 | 6.5 | 5 | 4.8 |

(1) Estimated from average pithead prices paid for average industrial grades of coal and using average transport costs.
(2) Average cost per therm—it may not reflect marginal gas prices for consumers negotiating contracts or those on special tariffs.
(3) Estimated delivered price for fuel oil to medium, large customers including rebates and taxes.
(4) Average cost per kilowatt hour invoiced to large industrial customers.
Source: Henley Centre for Forecasting.

**POSTED PRICES FOR REFERENCE CRUDE OIL**

| | Increase % | Forecast Price Range $ per barrel |
|---|---|---|
| 1976 | — | 12.50 |
| 1977 | 6-7 | 13.25-13.38 |
| 1978 | 5-6½ | 13.91-14.25 |
| 1979 | 6-8 | 14.75-15.39 |
| 1980 | 5-7 | 15.49-16.46 |
| 1981 | 4-6 | 16.10-17.45 |
| 1981-1986 | 3-7 per annum | |
| 1986 | | 20.00-23.13 |
| 1986-1991 | 0-5 per annum | |
| 1991 | | 21.88-28.13 |

Source: Henley Centre for Forecasting.

These figures support the warning, made last week by Dr. John Cunningham, Parliamentary Under Secretary of State for Energy. "If fuel prices rise more rapidly than other costs," he said, "the case for spending on energy-saving is even stronger. All the indications point to such a rise in energy prices, perhaps a doubling in real terms by the end of the century."

It is worth remembering, in this context, that the high quality of most North Sea crude oils, together with their proximity to most Western markets, means that they can command a premium price of perhaps a dollar a barrel when set against the heavier crudes of the Middle East.

This raises questions about the Government's plans for refining and marketing the U.K. crude. Oil companies are already smarting at the Department of Energy, which has insisted that North Sea crude should not be sold under long-term contracts. This recent decision, which follows pressure from the British National Oil Corporation, is aimed at maintaining domestic supplies when market conditions become tougher, perhaps in the late 1980s or 1990s.

Secondly the Government is still insisting that the majority of North Sea crude should be refined in the U.K. Oil companies have argued that it would make more sense to use the lighter North Sea oil only in order to replace the imported light crude. In this way they would continue to import large amounts of cheaper heavier crude but export equally large volumes of more expensive, lighter crudes.

Last year exports accounted for one-third of North Sea oil production—exactly in line with declared Government policies. However, so far this year exports have crept up to about 40 per cent. of output: a sign, perhaps, that the oil industry's arguments are being recognised in Whitehall? Not so, said Dr. Dickson Mabon, Minister of State for Energy. "We shall need a lot of convincing by the companies during our consultations of the benefits of the current levels of exports."

Other areas of Government policies which are likely to become clearer over the coming months include the attitude towards depletion controls. At one time it was thought that Britain would be a significant net exporter of North Sea crude in the mid-1980s. For a number of reasons, this does not now seem likely. Indeed, the Energy Department gives the impression it is happy to see offshore production remaining in balance with domestic demand for as long as possible. With this in mind, the Department has adopted a much more regulated approach to offshore licensing—basically on the basis of "little and often." It is also likely to give the British National Oil Corporation a number of its own blocks so that any oil found can be kept for a time when it is needed in the national interest.

This is already the case with British Gas, which has its own encouraging field—the Morecambe Field—in the Irish Sea. The Corporation has all the natural gas that it needs at the moment so it may well decide to sit on the find until supplies from the southern sector of the North Sea begin to tail off. On the other hand it may bring Morecambe on stream in a muted fashion in o balance the distribution All of the present offsh are on the east coast of

British Gas has just an important benchma development. Not onl just completed its £1bn gas conversion progra it has just started to the first test supplie from the northern sec North Sea. Test quan gas from the Anglo/N Frigg Field began ar St. Fergus near Peter week: contract should begin to month. When Frig reaches its peak of cubic feet a day it increasing the British in recent levels. With the Brent Field also stream in the next years, the Gas Corpor been left with the prospect of findi customers.

## Contracts

Supply contracts cently been made organisations as Alb Wilson, Monsanto, Br Corporation, Wedg Royal Doulton. Br maintains that when ible it is selling basis that it is a pre

In the past year or existing customers their gas supply cont faced some hefty creases: rises of ove cent. in contract price been uncommon. Th that the price leve should be market other fuels, partic products. According bridge Information search Services Energy for Indust previous gas prices a long way below price for competi Even with recent p ments "gas retains tive edge both in and because of its in use." Interrupti tinued to be sold at with firm gas prices remained cheaper fuel oil.

**Ray**

# Coal production

THE CERTAINTY of all experts that the world is going to have to manage its available energy resources more carefully is having one positive effect in that it is being translated in practical terms into a world renaissance of coal-mining. There is more than 600bn. tonnes of economically recoverable coal in known world deposits. It is enough to last the world for centuries if taken and used within a coherent pattern alongside other fuels; and if the work of exploitation and exploration continues in balance.

When the World Energy Conference in Istanbul in September considered all the world's resources of primary energy in a wide-ranging series of studies it was agreed that from the middle 1980s onwards much of the new world demand for fossil fuel will be met directly by coal—or indirectly through the reduction of coal in terms of liquid fuel. World coal demand is now expected to increase until, by the year 2020, it will be between 4 and 6 times the current level. That represents a projected increase from just over 2,000m. tonnes a year to nearly 8,000m. tonnes a year.

Output by the main coal producing nations is expected to go up as follows:—

| | 1975 | 2020 |
|---|---|---|
| | (millions of tonnes) | |
| Australia | 69 | 300 |
| Canada | 23 | 300 |
| China | 349 | 1800 |
| East Germany | 126 | 155 |
| India | 73 | 500 |
| Japan | 19 | 20 |
| Poland | 181 | 290 |
| South Africa | 69 | 300 |
| Britain | 129 | 173 |
| United States | 581 | 2400 |
| Russia | 614 | 1800 |

As production rises the volume of coal trading round the world will grow until by early in the next century the combined international trade in coal and liquefied gas is expected to be running at about the same levels as international oil trading at the present time.

But the World Energy Conference warned that expanding the world coal industry will not be easy because of the major decisions necessary on mining investment and transportation. "Action must be taken now," the conference decided.

The need is for governments and coal consumers to take long-term decisions about the use of coal and, wherever possible, to enter into long-term contracts so that world mining can expand to meet assured markets. The main producers have for many years been inhibited from further expansion by difficulty in disposing of their surplus production in other markets. Those countries that have built up big export trades in coal have only done so by selling at marginal prices or by being able to exploit special currency situations.

Britain is fortunate in having a sophisticated and technically aggressive coal-mining industry. It has had its ups and downs since it was nationalised in 1947. But it has emerged strong and forward-looking. The National Coal Board received its biggest boost when the sharp increases in oil prices three years ago forced new attention to be given to alternative energy sources. As a result the Plan for Coal was born to expand British mining up to 1985. Capital was made available to the Board in greater quantities than it had dreamed of for many years, and a new programme of coal exploration was started in Britain. Although the British mining industry is based upon many prolific coalfields it had been one of those curious facts of life that little or no serious exploration work for new coalfields had gone on during this century until the NCB began its new programme in the mid-1970s.

The results have already exceeded the hopes of everyone concerned. The Selby coalfield—the first new find—is now being developed and should produce some 10m. tonnes a year for at least 40 years. It is a huge field with an underground area of some 110 square miles. Within less than a year of finding Selby the Board struck it rich again with a second big coalfield under the Vale of Belvoir. That contains some 500m. tonnes of coal and is likely to be exploited in the 1980s. Meanwhile the exploration work was proving very considerable other deposits and extensions to existing coalfields.

On a conservative estimate Britain has enough coal to last the country for more than 300 years at the present rate of extraction of some 120m. tonnes a year.

Opencast mining is once again becoming an important factor in British mining after a period of years during which it was in eclipse as a method. Open-cast coal can be mined very profitably in Britain and the modern methods of earth removal and reinstatement mean that open-cast can make a considerable improvement in the long-run to a piece of country which has, in the past, suffered the blight of industrial dereliction.

The NCB is planning to develop opencast to some 15m. tonnes a year and the operation is already worth nearly £400m. a year to Britain in foreign exchange savings on energy.

So well has the technical development of the NCB proceeded since the energy crisis first erupted that the board and the Government are now planning for a continuing investment in the industry called Plan 2000. It involves a continuous £400m. a year programme to raise mining capacity in Britain to some 170m. tonnes a year by the year 2000.

But the industry has an Achilles Heel: that is the difficulty being experienced in achieving higher productivity from its 243,000 mining force in return for more mechanisation and higher pay. Although the industry made a small operating surplus of £27m. in the last financial year Sir Derek Ezra, chairman, warned recently that falling productivity could lead the NCB into seri It could put the ind into the red fina that in turn cou government to cut vital flow of capital ing and modernisin mines.

The crisis is a sh If it can be weathe has no doubt th mining installations stream during the n will be able to ret productivity at leas higher than perfor the present genera Already such high been proved on small modern pits. Belvoir. and other lations are brought tion such high should become th the British industr

Meanwhile the N ing with the I Energy Agency o technique of fluidis bustion (FBC) for tory burning of coal. Britain, the U Germany are financ test rig in Yorksh

**Roy F**



هكذا في الأصل

# Advice from the suppliers

ernment is to aking anything nall dent in the wasted energy. the country is ery year, much the success of ply industries in ie to their letailed ways in avings can be Government, in Department of the mood end egic framework onservation, but 1 not it will be ly industries, be l or electricity. icated technical idvice.

n Dr. John e Energy Under ountry may be worth £1.3bn. a ilcb makes the y the Govern- "Save It" the last three insignificance. n's sums are ifle crude — his asted energy is 1 an across-the- 10 per cent. on irrent eoergy some £13.6bn. a arithmetic is formideble growing legion ers and consul- e all. to the s of the supply

igly. the gas afier all is con- ally with a limited supply, has been in the forefront of the promotion of energy conservation end effective fuel management.

Advisory services of one sort or anotber are a factor common to all the supply Industries—conservation and fuel management heve after all become inextricably caught up with tbe marketing, sales and promotion of the various fuels—but Britisb Gas bas gone one better, perhaps, than its rivals with the establishment of a special Scbool for Fuel Management.

The school has made rapid progress since it was first established at the research station of British Gas' Midlands Region at Solihull. In the first year of its operations alone, more than 1,000 directors, senior executives, managers and other representatives of the business world and public organisations attended its courses, either at the school itself, or at sessions thrnughout the country. The school was quickly established after the beginning of tbe Save It campaign, but British Gas points out tbat it grew out of the extensive research programme which the corporation was already mounting in attempts to achieve maximum efficiency for its fuel. The range of courses offered are aimed at meeting the needs of differeot sectors of management.

The first, for senior executives, provides an overall appreciation of tbe U.K. and world energy situation and points out immediate economies which can he made without capital outlay.

Another course caters specifically for the fual managers and energy conservation officers, whose appointment by industry the Government has been encouraging. It deals with practicel and technical especls of fuel management and offers advice and instruction on simple steps tbat can produce significant fuel ecooomles. It explains the use of the energy audit and discusses tecbnical aspects of advanced process beating plant. Tbis course is abla tn call on the reaources of the Midlands research station, and equipment designed and developed by it to echieve very high fuel efficiency can be demonstrated in e laboratory purpose-built for the school.

| MARKET SHARES OF OIL, GAS, ELECTRICITY AND COAL ON HEAT SUPPLIED BASIS | Industrial | | Domestic | |
|---|---|---|---|---|
| | 1976 | 1966 | 1976 | 1966 |
| OIL | 38% | 39% | 10% | 7% |
| GAS | 27% | 4% | 42% | 15% |
| ELECTRICITY | 12% | 9% | 20% | 14% |
| COAL | 23% | 46% (1964) | 28% | 64% (1964) |

Sonrce: Dept. of Energy Digest of U.K. Energy Statistics 1977.

## Courses

At a lower level of sophistication, the School of Fuel Management has also designed and packaged a series of courses which can be run by local staff in the British Gas regions. It is designed for works managers, plant engineers and supervisors, and lays great stress on measures which can produce fuel economics at grass roots on the factory flonr or in the nffice, where tbe use of energy is physically controlled.

Industry and commerce account for about 40 per cent. of the nation's energy bill, and although some industries, such as chemicals, have made considerable savings already, the Government feels tbat there is still a long way to go. Organisations often delay taking energy saving measures because they doubt that such actions ere cost-effective, but plenty of evidence bas been evolved to show that investment in energy conservation can Involve remarkahly short pay-back periods. It was largely to highlight the scope and range of savings industry could achieve that British Gas introduced its Gas Energy Management (Gem) award last year. The second Gem award will be presented later this autumn and the winner has not yet been chosen. But the short-listed companies have easily out-performed the hopeful candidates of 1976, when the top 15 companies achieved savings of well over 2m. therms a year, enough gas to supply 4,000 homes.

The candidates for this year's Gem award offer diverse approaches to the issue of energy conservation, but they have in common the factor that a positive approach to fuel management cannot only cut down fuel bills, but also just as importantly bring major improvements in productivity and output. One idea developed jointly by British Gypsum part of BPB Industries and the East Midlands Region of British Gas, for instance, sets out to improve the basic calcination production proprocess after gypsum-bearing rock has been separated and crushed in a fine powder. A prototype production unit evolved by the two sides increased output over traditional methods by 85 per cent. and additionally improved fuel use by 20 per cent. International patents have already been granted to British Gypsum in some countries while other applications are still pending.

British Gas, which traditionally has had to compete in industrial markets against cheaper, less efficient fuels, has of course been ideally placed to devote considerable resources towards the achievement of maximum fuel economy. But according to Mr. Peter King, head of the School of Fuel Management, many organisations continue to use fuel inefficiently and wastefully. "Too many companies simply do not realise the implications of the energy situation. We have been astonished to find that some do not even know what they pay for their fuel, or how much they use."

The energy audit is a concept and practice that all the supply industries have been actively promoting to overrome this ignorance, and it is aimed at convincing companies that the right fuel should be selected for each application. "For too long past prejudices have been allowed to colour this decision," says Mr. King. "Steam, for instance, should generally be phased out and consideration given to direct firing."

Ever since the energy crisis the electricity industry has been urging its customers to "use electricity wisely," and this has been perhaps the kernel of the Electricity Council's policy, rather than simply exhorting customers to use less. It has been active in developing more efficient process applications in industry with emphasis focusing on such areas as heat recovery, metal melting, effluent treatment, and heating and recycling in steel mills.

The coal industry has clearly lost considerable ground in the market place, as the table shows, and any improvement in its share will only be derived from the fuel becoming more competitive through increased productivity and moderated cost increases.

In common with the other supply industries, the major oil companies all maintain technical advisory staff to offer advice on fuel consumption and efficient combustion to customers. But to a greater extent than in the other sectors the oil industry must also cope with sharp competition in the market place, which has been characterised by generally depressed demand levels and a recent glut of products. More than most, the conservation message tends here to be mixed up with the general sales profile of the industry.

**Kevin Done**



# Advances in electricity

difficult post- ower cuts and up with a fast or electricity— every ten years. industry now unaccustomed g more power needs. That as a result of f energy, more isage, and the orld trading has been felt ricity users as nicals, and en-

tion has been is this year by er the Drax B oject in York- ers and power anted it built ment showed or the two lob- ricity industry egain that it tart work upon another two Now that Drax it will add e n to power g its non-pro- iction period e industry feel postponed. Electricity d already haa nount of major er construction e planning of ars ago when curve of elec- n Britain was tinue ever upwards. Instead demand for electricity has actually fallen since the peak of 1974-75.

Coal and oil fired plaot due to be commissioned before the early 1980s amounts to 5,000 mW at the Isle of Grain, Ince B on the Mersey, and Littlebrook D on the Thames. Drax B will add to that another 2,000 mW. The advanced gas-cooled reactor station, Hinkley Point B, has been commissioned during the last year, with a capacity of 1,000 mW. Still being built are three more AGRs at Dungeness, Hartlepool and Heysham with a total capacity of some 3,000 mW.

## Cautious

Some small gas turbine generation plant is also being constructed and a new hydro storage plant at Dinorwic, North Wales, will have a capacity of some 1,500 mW.

In short, the industry needs to be very cautious about its immediate power station plans if it is to avoid wasteful overcapacity being perpetuated. There is a nice balancing act to be performed between building new and expensive plant which will provide power cheaply once built, end keeping in use old and less efficient power stations which use coal or oil in a prodigal fashion compared with modern standards but have been paid for.

The CEGB has been running a carefnl programme of power station closures as the new capacity becomes available.

As for demand, the Electricity Council in March this year adopted a level of 51,500 mW as the likely peak winter demand for 1983-84. That compares with a winter peak of 42,000 mW during the winter of 1976-77. The council is reckoning upon a growth in electricity usage of 3 per cent. a year between now and 1984—a rate far below the heady growth of ten per cent. a year and more experienced in the 1950s and the 1960s.

The CEGB is very pleased with the high performance of its eight Magnox nuclear power stations — the first generation stations — which have contributed more than 220,000m. kWH to the national grid. They are now producing electricity at 40 per cent. below the cost of oil-fired power stations and 30 per cent. below the cost of coal-fired power stations. The advanced gas-cooled reactors are expected to produce electricity even more cheaply. The first CEGB station — Hinkley Point B — is working amoothly and has produced the cheapest nuclear-generated electricity of any statioo during its first year.

There is no doubt that the CEGB will wish to swing more decisively towards nuclear generation when it is in a position to begin a new forward ordering power programme. Much will depend upon the outcome of the present debate about the type of reactor design to be adopted for the next nuclear power station generation.

One result of the CEGB's present surplus of power stations is that it enjoys a greater flexibility in its choice of fuels than it has ever enjoyed in the past. And it recognises that it must remain competitive. There are some industries — aluminium and chemicals being two examples — which are so power hungry that they can only afford to operate in Britain if power costs are kept competitive in relation to what they would have to pay in Europe and other parts of the world.

## Essential

The view of the Electricity Council is that Britain is better placed than most industrialised countries with regard to indigenous supplies of fossil fuel and that for the next ten years or so supplies of coal, oil, and natural gas will be more than sufficient to meet home demand. Beyond that nuclear power is regerded as essential to augment fossil fuels in Britain. There are forecasts that it might necessary to bring nuclear plant into service during the 1990s at a rate of some 4,000 MW a year. The Electricity Council stated recently that it recognises the environmental problems posed in that sort of estimate. But in the council's opinion it is important to recognise also that the timescales for planning and building nuclear plant are such that, "a start will have to be made very soon if there is to be any hope of achieving a rate of commissioning of nuclear plent which exceeds that which has been possible in the past for conventional plant."

But the stations presently under construction are mostly several years behind schedule. The problems have ceotred around the slowness of erecting the large engineering plant—boilers and generators—rather than the civil engineering side of the work. But there has been some improvement recently. At the troubled Isle of Grain power station site where work stopped completely on sections for more than five months last year the company mainly involved, Babock and Wilcox—is now achieving productivity at least twice as geod as before the dispute.

However, the slowness of construction of big engineering plant on site remains a major headache. The electricity authorities must take it into account when drawing up their medium and long-term plans for new British power stations.

**Roy Hodson**

# MANAGING ENERGY IV

## Alternative sources

THERE ARE two energy crises. One is the immediate crisis of cartel pricing and power politics. The other crisis merges the medium and the longer term. It looms first as a petroleum drought, beginning its spread within a few decades. Then coal and nuclear power remain to see us through a few centuries —even through very many centuries, if breeder reactors can be developed to do everything that their advocates hope of them.

But all mineral resources, whether of fossil or of nuclear fuel, are finite, and (with perhaps one exception) will (it is hoped) be long outlasted on this earth by mankind. The possible exception is the raw material for thermonuclear fusion, a process mastered so far only for weapons of mass destruction. If this process can be tamed it may put off the ultimate energy crisis for as long ahead as makes no matter, "burning" hydrogen isotopes as fuel and drawing them abundantly from the oceans. However, taming the H-bomb process will be harder than it was to get men to the moon, or than it will be to get robots to the more distant planets. It may yet prove too hard to be done. So, as an insurance if nothing else, thought must be given to alternatives. And the biggest and brightest alternative in view is the sun. Oil, natural gas and coal are anyway merely saved-up solar energy. Ultimately mankind may be left with only the sun's radiation and those energy sources that the sun keeps renewing, such as the hydrological cycle, the winds, the waves and ocean currents.

Everything depends on how far ahead the ultimate energy crisis is, or rather how much time we have to avert it, but the prophecies could scarcely differ more. Meanwhile, solar energy keeps streaming in, and so do claims that at least some of this bounty could soon, if not almost at once, help us save those precious minerals for more durable purposes than heating. Even in overcast Britain, solar energy is attracting the Government's scientists. A recent report prepared for the Department of Energy by the Harwell Energy Technology Support Unit pointed out that very little of the earth's surface has a solar energy income more than double the U.K.'s. Within 25 years, the report predicted, about 2 per cent. of Britain's present energy needs could be sun-supplied, with a minimum of disturbance to our lives: and another 25 years after that, admittedly with more disturbance, the solar contribution might have become 10 times as great. So a four-year programme has been launched this year, offering £6m. of Government backing for commercially orientated solar research and development.

Commercially orientated solar enterprises have mushroomed *in response to the quickening* of popular interest. Inevitably, some of the mushrooms have proved to be toadstools. On average, one serious complaint is received per week at the Royal Institution, which provides the London headquarters for the U.K. Section of the International Solar Energy Society. Typically, the trouble is that some "guaranteed" solar heating system has broken down after a few months, and the installer has turned out to be a fly-by-night plumber who diversified his business beyond his abilities. U.K.-ISES is a sitting target for such complaints but is not well equipped to deal with them, so they get sent on to the Solar Energy Research Unit at University College, Cardiff, where the Department of Industry has helped to set up an information office.

U.K.-ISES, an organisation mainly of technical people not blinded by their enthusiasm, is worried by the number of complaints coming in about misleading or wildly optimistic claims by a substantial minority of solar firms. The vice-chairman of U.K.-ISES, Dr. J. C. McVeigh, of Brighton Polytechnic, wants "informed technical opinion" to protect the consumer by reporting such cases to the Advertising Standards Authority. Self-discipline seems to be lacking in the infant solar industry. A start might be made in the Solar Trade Association, but for *the present that body is careful* to point out that terms such as "approved," "qualified" and "accredited," while they may be used by members, are not awarded by the Association.

### Rebates

Last month *Which?* looked sceptically at President Carter's espousal of solar energy—he wants to use tax rebates to encourage domestic solar heating—and concluded that investment in the necessary equipment does not seem economic yet. First put your money into thermal insulation, advises *Which?* and then think about a solar heating system only if you can fit it yourself or if you are more anxious to save the country's fossil fuel than to save your own money.

Even that arch-sceptic of "alternative" energy sources, Sir Fred Hoyle, is not inclined to disagree with this. The *big* schemes are the ones that he condemns. In his new book *Energy or Extinction*, he writes: "Small-scale solar projects for the home may make sense, if you can afford one of them, but I have not yet seen any large-scale sunlight-collection project that would be *likely in the foreseeable future* to deliver as much energy in its use as it consumed in its manu*facture*."

Sceptics notwithstanding, President Carter is not alone *in seeing solar energy as more* than a home help, and in regarding it as a major long-*term* alternative to mineral resources, whether of fossil or nuclear fuels. Sunshine is important as a potential "alternative fuel," says Professor J. K. Page, of Sheffield University, simply because there is so much of it. In other words, however much energy may be consumed in manufacturing solar equipment, unless it demands an extraordinary amount of upkeep it must make an energy profit in the end.

The fact remains that we cannot enjoy this fabulous energy income without large capital investment. The glossy brochures say that the energy is "free." So it is, but the means for converting it to use are expensive. Take solar cells. They have been reliably turning sunshine into electricity for spacecraft during two decades. They have also come down to earth to drive the corrosion-preventing equipment of desert pipelines, remote telecommunications stations, air traffic beacons, marine buoys, fire- and burglar-alarms and so on. At £8 to £20 per watt they may outdo batteries for such purposes, but they are at least 50 times too expensive to compete with power stations. The British Government's research programme is therefore content to leave development of solar cells to the Americans, the French, the Japanese and the Russians. British research by companies and universities is being kept alive by other sponsors, however. One is the EEC, which concentrates much of its solar research and development programme on solar cell *studies*.

For large-scale electricity generation the solar system that seems most likely to prove economic is the "power tower." This is a tower carrying a boiler vessel on which are trained the sunbeams reflected from a vast array of mirrors. A 10 MW pilot plant on this principle is due to be completed in California in 1980. The EEC plans a much smaller plant in Italy, and the International Energy Agency an even smaller one in Spain. Meanwhile the French have got themselves into the history books this year, with the first solar power station to supply a national grid: its capacity is a not-overweening 64 kW.

A notable portion of the Earth's solar energy receipts is spent on stirring up the atmosphere, and wind power is now attracting some Government interests. But the Astronomer Royal's earnest ventilation of the subject has not yet fanned the official spark of interest into a flame of enthusiasm. Monster wind-driven power stations may not, after all, fit easily into this crowded island. And the atmosphere is capricious, making it necessary to store energy so that demand can go on being satisfied whatever the state of the wind. Storage by artificial means is still a big problem, but fortunately there is an enormous natural store. This is already taking in wind energy and stocking it up in another and less perishable form. The store is the ocean, and the energy is in the waves.

### Favourite

Wave power was Dr. Walter Marshall's favourite alternative *source* of energy while he reigned as chief scientist at the Department of Energy. Sir Hermann Bondi, Marshall's successor, may judge differently, but so far has made no public sign. Official backing in one form or another *is being given* to about half a dozen variously ingenious ideas for converting the movement of sea waves into (most probably) electrical power. The idea that has most



## Achieving savings

WASTED ENERGY may be costing Britain as much as £1.3bn. a year. That estimate, drawn up by the Energy Department during its preparations for the National Energy Management Conference in Birmingham which coincides *with this survey*, is a forcible reminder of just how far there is to go along the road to making proper use of natural resources.

Great strides have been made since the massive rise in oil prices triggered off by the tension in the Middle East forced Governments, industry and individuals to give energy consumption the sort of close attention long been urged by those concerned at the depletion of the earth's resources. Currently, energy consumption in the U.K. is thought to be running at a rate some 6 per cent. below what it was before the oil weapon exploded in 1973. Industry is estimated to have cut its consumption by 3 to 7 per cent., transport by 1.5 to 9.5 per cent., and the domestic sector by 1.5 to 9.5 per cent.

The figures, very much estimates, sound impressive. Yet our energy bill last year, at over £13.5bn., was 20 per cent. up on 1975, with consumption, 325m. tons of coal equivalent, 1.5 per cent. higher.

Energy Department studies suggest that overall savings of 10 per cent. across the board are still possible. Some large companies could cut their annual costs by as much as £1m. In iron casting alone, a recent Government report said savings of at least £15m. a year at current prices are possible within 15 to 20 years. Overall, Ministers have estimated, conservation could save the country the equivalent of £2bn. a year in fuel costs by the year 2000.

Yet, though the whys of energy saving are painfully apparent each time the bills arrive, and each time another hoped-for oil well is abandoned, the hows may not be so clear cut.

Thus, it seems obvious that an even bigger switch to small cars than we have already seen would immediately reduce fuel consumption. Left out of the equation is the energy used to produce those cars and the fact that, generally speaking, a large car lasts longer than one with a small, energy-conserving but highly stressed engine—at the extremes, compare the average life expectancy of a Mini and a Rolls-Royce. The issue is patently highly complex. Apparently obvious cost benefits may be less so when all the factors are taken into account; other genuine cost benefits may be slow to emerge.

### Evidence

This is one reason why industry in general—though there are many honourable exceptions—still appears to be dragging its feet in seeking ways to save energy. As Dr. John Cunningham, Parliamentary Under Secretary for Industry, put it only a fortnight ago: "One problem is that firms and other organisations often delay taking energy-saving measures because they doubt such actions are cost effective. Yet the evidence shows that investment in energy conservation can involve remarkably short pay-back periods."

One company well able to provide that evidence is Courtaulds, the textiles group. It may have been experiencing difficult trading conditions, but it generated £10.5m. more cash in the 24 months to last January than it would have without an energy conservation programme.

The programme began in 1974, when the Board set an energy saving target of 10 per cent. In the first year, energy consumption in relation to units of production dropped by 6 per cent. Last year, a further 6 per cent. fall was achieved, and the position has continued to improve during 1977.

Many of the methods used to achieve these savings were in themselves minor: the use of plastic strip curtains across loading bay doorways to reduce heat loss when the doors are open, pipe-lagging, and draught-proofing, for example. Others involved improved maintenance checks on, for example, air conditioning equipment to assure its working at full efficiency. Still others involved relatively considerable expenditure: the replacement of power-raising equipment with more modern boilers, for example. But overall spending on new equipment is estimated at only £1m. to £2m. (the exact figure is not known because so many of the items involved were, in effect, bought out of petty cash), and it is spending that will go on producing dividends for many years to come.

In Birmingham, Boxfoldia, a printed cartons manufacturer, has for over 30 years given energy consumption its due importance, achieving savings which probably few factories can match. In 1933, it was recording the early morning outdoor temperature to ascertain whether heating would be necessary inside — an elementary measure but one still often ignored in other plants where heating boilers are switched on regardless of need. In 1947, the cavities between the inner and outer roof linings were filled with 3½-inch fibre glass, a high standard of insulation even for to-day, reducing heat loss by 85 per cent. Pattern staining of the ceiling was also reduced, giving increased light reflection too. In 1964, a system of localised boilers was introduced, making adequate heating possible in the milder autumn and winter months without any need for the central boiler to be switched on, saving more fuel.

Overall, as a result of those and similar measures, the company's total fuel and power cost is only 1 per cent. of the total selling cost of its products.

### Waste cut

Another good example of energy-consciousness is Vauxhall Motors, which reckons that improved production techniques, employee education and better engineering saved it some £500,000 on energy bills in 1975 compared with 1972. Among its recent innovations is the purchase of a Honeywell Delta 1000 building controller as part of an energy management scheme expected to save over £150,000 a year by reducing waste in the use of energy at its Dunstable truck factory. The microprocessor based installation will monitor closely what is going on throughout the 2.5m. square yard plant in terms of temperature and equipment in use and make decisions that will reduce waste to a minimum. If the hoped-for savings materialise, the entire cost of the system will be repaid within around ten months.

Courtaulds, Boxfoldia and Vauxhall are examples of companies actively pursuing the fuel cost-cutting trail. Elsewhere, the initiative is not being left just to the individual

# AUTHORISED UNIT TRUSTS

# OFFSHORE AND OVERSEAS FUNDS

# INSURANCE, PROPERTY, BONDS

ed 01-351 3466. Three-month Lead 343-347
trading on commodity futures
modity futures market for the smaller investor

## FINANCIAL TIMES STOCK INDICES

| | Sept. 23 | Sept. 22 | Sept. 21 | Sept. 20 | Sept. 19 | Sept. 16 | A year ago |
|---|---|---|---|---|---|---|---|
| [illegible] | 76.59 | 76.10 | 75.25 | 74.75 | 74.62 | 75.70 | 60.54 |
| [illegible] | 76.23 | 75.93 | 75.50 | 75.27 | 75.06 | 75.17 | 60.01 |
| [illegible] | 504.7 | 505.5 | 520.0 | 522.3 | 518.9 | 551.9 | 348.9 |
| [illegible] | 149.0 | 145.2 | 141.9 | 156.5 | 155.1 | 128.0 | 120.5 |
| [illegible] | 5.27 | 5.26 | 5.14 | 5.12 | 5.10 | 4.97 | 6.48 |
| [illegible] | 15.50 | 15.42 | 15.07 | 15.00 | 15.21 | 14.82 | 19.08 |
| [illegible] | 9.20 | 9.25 | 9.48 | 9.52 | 9.46 | 9.70 | 7.73 |
| [illegible] | 5,997 | 6,515 | 6,600 | 5,925 | 7,772 | 7,777 | 5,666 |
| [illegible] | — | — | 95.18 | 97.48 | 101.45 | 151.01 | 55.87 |
| [illegible] | — | — | 18,663 | 18,555 | 22,688 | 51,252 | 8,292 |

. 502.4. 11 a.m. 501.2. Noon 504.2. 1 p.m. 503.0.
2 p.m. 503.5. 3 p.m. 501.7.
Latest Index 01-246 8026.
on 52 per cent. corporation tax. †Nil=9.13.
Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold
E Activity July-Dec. 1942.

## HIGHS AND LOWS

| 1977 | | Since Compilation | |
|---|---|---|---|
| High | Low | High | Low |
| [illegible] | 60.45 | 127.4 | 49.18 |
| [illegible] | 60.49 | 150.4 | 50.53 |
| [illegible] | 357.6 | 549.2 | 49.4 |
| [illegible] | 95.1 | 442.3 | 43.5 |

## S.E. ACTIVITY

| — | Sept. 23 | Sept. 22 |
|---|---|---|
| Daily | | |
| Gilt Edged | 206.5 | 220.5 |
| Industries | 205.0 | 210.2 |
| Speculative | 47.8 | 55.9 |
| Totals | 156.5 | 145.7 |
| 5-day Av'rage | | |
| Gilt Edged | 205.1 | 201.8 |
| Industrials | 224.0 | 245.0 |
| Speculative | 44.5 | 45.1 |
| Totals | 145.9 | 152.0 |

## —ACTUARIES INDICES

| | Sept. 23 | Sept. 22 | Sept. 21 | Sept. 20 | Sept. 19 | Sept. 16 | A Year ago |
|---|---|---|---|---|---|---|---|
| [illegible] | 208.14 | 209.51 | 215.24 | 215.64 | 211.91 | 218.99 | 156.59 |
| [illegible] | 254.04 | 255.27 | 259.46 | 259.64 | 257.87 | 245.11 | 155.82 |
| [illegible] | 5.11 | 5.09 | 5.00 | 4.99 | 5.05 | 4.89 | 6.72 |
| [illegible] | 9.56 | 9.59 | 9.56 | 9.55 | 9.57 | 9.79 | 8.64 |
| [illegible] | 214.52 | 215.84 | 219.22 | 218.25 | 217.56 | 221.55 | 145.96 |

## State 'should pay port expenses'

THE MERSEYSIDE Chamber of Commerce and Industry has called for shifting of financial responsibility for dredging and other port charges from port authorities to central Government to achieve a uniform policy in the EEC.

In a letter to Merseyside MPs the Chamber says Britain is the only EEC country where most navigational aids are paid for by port authorities, making them more expensive than on the Continent.

It foresees increasing loss of business, possibly leading only to the residue that Rotterdam, Antwerp and others cannot handle.

### NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.



**CORAL INDEX: Close 506-511**

### INSURANCE BASE RATES

† Property Growth ............... [illegible]
Cannon Assurance ............... [illegible]
† Address shown under Insurance and Property Bond Table

# FT SHARE INFORMATION SERVICE

## BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

## INTERNATIONAL BANK

[illegible]

## CORPORATION LOANS

[illegible]

## COMMONWEALTH & AFRICAN LOANS

[illegible]

## LOANS (Miscel.)

[illegible]

## FOREIGN BONDS & RAILS

[illegible]

U.S. $ & DM prices exclude inv. $ premium

## AMERICANS

[illegible]

## AMERICANS—Continued

[illegible]

S.E. List Premium 27¼% (based on $US1.7432 per £)

Conversion factor 0.7839 (0.7842)

## CANADIANS

[illegible]

S.E. List Premium 27¼% (based on $1.8710 per £)

## BANKS AND HIRE PURCHASE

[illegible]

For Brittania Arrow see Finance Land

Hire Purchase, etc.

[illegible]

## BEERS, WINES AND SPIRITS

[illegible]

## BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

## BUILDING INDUSTRY—Cont.

[illegible]

## CHEMICALS, PLASTICS

[illegible]

## CINEMAS, THEATRES AND TV

[illegible]

## DRAPERY AND STORES

[illegible]

## DRAPERY AND STORES—Cont.

[illegible]

## ELECTRICAL AND RADIO

[illegible]

## ENGINEERING MACHINE TOOLS

[illegible]

## ENGINEERING—Continued

[illegible]

## FOOD, GROCERIES, ETC.

[illegible]

## HOTELS AND CATERERS

[illegible]

## HOTELS—Continued

[illegible]

## INDUSTRIALS (Miscel.)

[illegible]

هكذا من الأجل



## INDUSTRIALS—Continued

## INSURANCE—Continued

## MOTORS, AIRCRAFT TRADES

### Motors and Cycles

### Commercial Vehicles

### Components

### Garages and Distributors

## NEWSPAPERS, PUBLISHERS

## PAPER, PRINTING ADVERTISING

## PROPERTY

## PROPERTY—Continued

## SHIPBUILDERS, REPAIRERS

## SHIPPING

## SHOES AND LEATHER

## SOUTH AFRICANS

## TEXTILES

## TOBACCOS

## TRUSTS, FINANCE, LAND

### Investment Trusts

## TRUSTS—Continued

### Finance, Land, etc.

## OILS

## OVERSEAS TRADERS

## RUBBERS AND SISALS

## TEAS

### India and Bangladesh

### Sri Lanka

### Africa

## MINES

### CENTRAL RAND

### EASTERN RAND

### FAR WEST RAND

### O.F.S.

### FINANCE

### DIAMOND AND PLATINUM

## INSURANCE

## MINES—Continued

### CENTRAL AFRICAN

### AUSTRALIAN

### TINS

### COPPER

### MISCELLANEOUS

| | | | | | | |
|---|---|---|---|---|---|---|
| July | Burma Mines 17½p. | 9 | 575 | — | — | — |
| — | Colby Mines $C1 | 85 | — | — | — | — |
| Aug. Feb. | Cons. Murch. 10c | 365 | 27.6 | ‡Q140c | 1.4 | ‡ |
| July | Northgate C$1 | 305 | 375 | — | — | — |
| Jan. June | R.T.Z. | 200 | 9.5 | 18.5 | q3.1 | b.6 |
| — | Sabina Inds. C$1 | 34½ | — | — | — | — |
| — | Tara Expln. $1 | £10⅝ | — | — | — | — |
| Nov. July | Tehidy Minerals 10p | 50 | 23.5 | 1.21 | ϕ | 5.7 |
| October | Yukon Cons. C$1 | 123 | 15.9 | Q6½c | 3.6 | 1.9 |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- * Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ‡ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1976. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 29



## REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

| | | |
|---|---|---|
| Albany Inv. 20p | 22 | ...... |
| Ash Spinning | 40 | ...... |
| Bertam | 18 | ...... |
| Bdg'wtr. Est. 50p | 245 | ...... |
| Clover Croft | 21 | ...... |
| Craig & Rose £1 | 375 | +5 |
| Dyson (R.A.) | 24 | ...... |
| Ellis & McHdy | 61 | ...... |
| Evans Fr'k. 10p | 26 | ...... |
| Evered | 15½ | −½ |
| Fife Forge | 43 | ...... |
| Finlay Pkg. 5p | 16½ | ...... |
| Graig Ship. £1 | 340 | ...... |
| Higsons Brew. | 103 | −2 |
| I.O.M. Stm. £1 | 160 | ...... |
| Holt (Jos.) 25p | 239 | +9 |
| N'thn. Goldsmith | 34 | ...... |
| Pearce (C. H.) | 103 | ...... |
| Peel Mills | 14 | ...... |
| Sheffield Brick | 47 | ...... |
| Sheff. Refrsimt. | 40 | ...... |
| Shiloh Spinn | 19 | ...... |
| Sindall (Wm.) | 70 | ...... |

### IRISH

| | | |
|---|---|---|
| Conv. 9% '80/82 | £97½ | +¼ |
| Alliance Gas | 68 | ...... |
| Arnott | 250 | ...... |
| Carroll (P.J.) | 98 | ...... |
| Clondalkin | 73 | −1 |
| Concrete Prods. | 102 | ...... |
| Helton (Hldgs.) | 45 | ...... |
| Ins. Corp. | 127 | +7 |
| Irish Ropes | 135 | ...... |
| Jacob | 45 | +3 |
| Sunbeam | 19 | −1 |
| T.M.G. | 99 | +2 |
| Unidare | 65 | ...... |

## OPTIONS

### 3-month Call rates

| | |
|---|---|
| **Industrials** | |
| A. Brew | 6½ |
| A.P. Cement | 18 |
| B.S.R. | 12 |
| Babcock | 10 |
| Barclays Bank | 25 |
| Berry Wiggins | 5 |
| Beecham | 30 |
| Boots Drug | 15 |
| Bowaters | 16 |
| B.A.T. | 21 |
| British Oxygen | 6 |
| Brown (J.) | 20 |
| Burton 'A' | b. |
| Cadburys | 5 |
| Courtaulds | 10 |
| Debenhams | 8 |
| Distillers | 13 |
| Dunlop | 8½ |
| Eagle Star | 11 |
| E.M.I. | 16 |
| Gen. Accident | 17 |
| Gen. Electric | 16 |
| Glaxo | 40 |
| Grand Met. | 7 |
| G.U.S. 'A' | 18 |
| Guardian | 18 |
| G.K.N. | 25 |
| Hawker Sidd. | 60 |
| House of Fraser | 12 |
| I.C.I. | 23 |
| "Imps" | 7 |
| I.C.L. | 20 |
| Inveresk | 7 |
| Ladbroke | 11 |
| Legal & Gen. | 12 |
| Lex Service | 6 |
| Lloyds Bank | 22 |
| "Lofs" | 5 |
| London Brick | 5 |
| Lonrho | 8 |
| Lucas Inds. | 25 |
| Lyons (J.) | 9 |
| "Mams" | 7 |
| Mrks. & Spncr | 10 |
| Midland Bank | 25 |
| Nat. West Bank | 22 |
| Do. Warrants | 8 |
| P & O Dfd. | 15 |
| Plessey | 7 |
| R.H.M. | 5 |
| Rank Org. 'A' | 18 |
| Reed Intl. | 10 |
| Rolls-Royce | 20 |
| Spillers | 4 |
| Tesco | 4 |
| Thorn 'A' | 22 |
| Trust Houses | 13 |
| Tube Invest. | 30 |
| Unilever | 40 |
| Utd. Drapery | 7½ |
| Vickers | 15 |
| Woolworths | 6 |
| **Property** | |
| Brit. Land | 5 |
| Cap. Counties | 3½ |
| E.P. | 5 |
| Intereuropean | 5 |
| Land Secs. | 28 |
| MEPC | 10 |
| Peachey | 6 |
| Samuel Props. | 10 |
| Town & City | 2 |
| **Oils** | |
| Brit. Petroleum | 60 |
| Burmah Oil | 8 |
| Shell | 28 |
| Ultramar | 15 |
| **Mines** | |
| Charter Cons. | 12 |
| Charterhall Fin. | 3½ |
| Cons. Gold | 12 |
| Rio T. Zinc | 16 |

FINANCIAL TIMES
Monday September 26 1977



# Lending by banks increases sharply

BY MICHAEL BLANDEN

THE GROWTH of bank lending has accelerated quite sharply in recent months, according to the latest figures published by the Bank of England, with industry taking the biggest share.

During the three months to mid-August the underlying increase in sterling lending to the private sector, allowing for seasonal influences, may have been about £1bn., compared with the £400m. rise in the previous quarter.

The figures give a rather more optimistic view of the basic level of demand for bank lending than has so far been shown in reports from the big London clearing banks. They indicate that a *significant amount of* lending has been done by other banks, including particularly the overseas banks in London.

The clearing banks continue to say that, while lending has risen partly as a result of inflation, they have seen no real sign of a surge in demand for funds by their industrial customers to finance economic expansion.

The Bank reports that in the quarter total sterling advances to U.K. residents rose by £1.4bn., *of which £1.36bn. was* to the private sector. Full seasonal adjustments to the figures are not yet possible, but it is estimated that seasonal influences might have accounted for about £400m. of the increase.

## Main movements

The main movements in sterling advances included a rise of £650m., or 10 per cent., in lending to manufacturing industry. Within this general classification there were particularly sharp rises in lending to the engineering industry groups and to the food, drink and tobacco sector.

There was also a substantial increase of £297m., or 7 per cent., in loans to the personal sector, including £78m. for house purchase, and a jump of £178m., or 15 per cent., in loans to agriculture, forestry and fishing.

Lending to property companies, among the groups which are given low priority in the official guidance to the banks, again fell by £45m.

The relatively low demand for finance, however, is illustrated by a rise of £2.87bn. in sterling advances to U.K. residents in the 12 months to mid-August.

This was an increase of 12 per cent., substantially below the general rate of inflation in the period, though manufacturing industry was more buoyant with a rise of £1.3bn. or 21 per cent.

A particularly large jump of almost £500m., or 61 per cent., was recorded by the food, drink and tobacco sector.

After excluding the estimated direct effects of the rise in the value of the pound, foreign currency advances rose by some £320m. in the latest three-month period, with manufacturing industry taking £90m.

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# Rights issues likely to stay at low level

BY MARGARET REID

THE FLOW of capital-raising rights issues by companies, which has diminished considerably in the past few months, is expected to run for the rest of the year at well below the level of most of the past two-and-a-half years.

Indications are that the total of rights issues this year will not be much more than £600m., of which mainly £500m. has already been made. This compares with £1bn. raised this way last year and £1.2bn. in 1975.

There are probably no more than about £100m. of such issues in preparation, although some estimates in the City suggest this could rise to £150m. by the end of the year.

With alternative sources of bank and other cash plentiful, and cheaper than for some years, companies are no longer rushing to make cash-raising offers of new shares to their shareholders.

Higher profits are leaving more cash available for ploughing back into the business to finance such capital investment as is being undertaken in the still sluggish economic climate.

Impressions in the City are that no more than 10 companies are planning to seek new capital from shareholders through rights issues. This is much fewer than in the summer last year, when a substantially longer queue was forming, wanting at least £200m. —although in the event, many to did not tap the market until this year because of the sterling crisis.

Experience among companies and City houses is that there is no difficulty in finding a suitable date between now and Christmas to bring a rights issue.

## Widespread

There is widespread agreement that the relative sparseness of the current demand to tap the rights issue market for new capital has strengthened share prices, since it has led to more concentration of institutional money on buying existing shares. Other things being equal, the smallness of the existing rights issue demand should continue to have the same effect of helping market prices.

Investors have this year absorbed the first call of 300p a share out of a total price of 845p a share on the Government's £564m. sale of British Petroleum shares, 80 per cent. of which was on the British market, as distinct from the U.S. market.

Another call of 545p a share, requiring about £390m. from investors buying through London, is due in December. But the institutions had long been prepared for the Government's disposal of the BP shares and had made their dispositions accordingly when the sale—reducing the State's 68 per cent. holding to 51 per cent.—was made in June.

# Rhodesia and Mozambique blame clash on each other

BY TONY HAWKINS

SALISBURY, Sept. 25

RHODESIA and Mozambique each claimed to-day to have been attacked by the other side in the South-Eastern border region.

Radio Maputo said that airborne Rhodesian troops, backed by jet aircraft, were fighting Mozambique soldiers 50 miles inside that country. Maputo claimed that the attack started on September 20 in the Chicualacuala and Mapai areas.

In Salisbury, a military spokesman declined to comment on the Mozambique claim but an official communique here said that Vila Salazar, the Rhodesian border post to South East Rhodesia, had twice been shelled by rockets and mortars from within Mozambique.

Vila Salazar is about 50 miles from Mapai. An official communique said that there were no casualties in either of the two attacks, though some buildings were damaged.

The counter claims come hard on the heels of a warning of a new development in the Rhodesian crisis.

The Rev. Ndabaningi Sithole, a key moderate leader, claimed to-day that a "secret army" is in training in Mozambique, under the command of General Tongogara, one of the leaders of the nationalist guerillas, to seize power after a political settlement has been achieved.

According to Mr. Sithole, the "Tongogara Army" is masterminded by a rebel element within the Zimbabwe African National Union.

At the end of his two-day unity convention held here, Mr. Sithole—who leads the African National Council—said that October had been designated as "unity" month for Rhodesia.

The conference was attended by representatives from 42 different church, business and professional organisations, with more than 220 delegates taking part.

## Merger plan

The new Zimbabwe Army should be formed as a result of a "merger" between guerilla forces and the existing defence forces with "aliens," at present in the army, being subject to a screening.

Rhodesian guerilla leaders said to-day they would go on fighting if the latest Anglo-American peace plans were implemented in their present form. Mr. Robert Mugabe, co-leader of the Patriotic Front Alliance, said: "The British cannot get us to stop our war for nothing."

Earlier to-day Mr. Alfred Nikita, chief of staff of the guerilla forces of the Zimbabwe African Peoples Union said in an article "handing over power to a resident commissioner will not end the war but lead to its intensification."

Our Foreign Staff adds: Mr. Ian Smith, the Rhodesian Prime Minister, said over the weekend that he was on the point of accepting the principle of one man, one vote in an election, providing adequate safeguards were produced for a white minority.

In a TV interview on London Weekend's Weekend World programme, Mr. Smith said events were "moving in the right direction" towards agreement on the Anglo-U.S. proposals for his country's future.

Asked whether he was coming to the point of accepting one-man, one-vote, he said: "Yes, with the proviso that I would like to know what the alternative ideas are for preserving the kind of standards that I have referred to."

These "vital ingredients" of a civilised community were: impartiality of the courts, force of law and order, and maintenance of present standards as far as the Civil Service was concerned.

Mr. Smith said he saw an external settlement as logical and superior to an internal agreement and he predicted it could come before the end of 1978, but not this year.

"Things do seem to be moving in the right direction now," he added. "At first we were disappointed and I think I am using mild language. Originally, we were led to believe that the proposals were not open for discussion.

"This situation has now changed. The British Government has indicated that it is prepared to consider representations from us."

In a departure from his previous stand that guerillas could not be incorporated into the security forces, Mr. Smith said that those who measured up to existing standards could be considered for inclusion, irrespective of their previous records.

# Liberal bid to stiffen terms of pact

BY PHILIP RAWSTORNE

LEADING Liberals are to attempt to stiffen the terms of the Lib-Lab pact at the party's assembly in Brighton this week.

In a surprise move, the standing committee which tabled the pro-pact resolution to be debated on Wednesday, has put down a "second thoughts" amendment.

This would commit the party to withdrawing from its agreement with the Government if Labour MPs failed to vote in sufficient numbers to secure European direct elections next year on a proportional representation basis.

Mr. Christopher Mayhew, a former Labour Minister, who heads the Liberal party's electoral reform campaign, is to move the amendment.

He said yesterday: "It was strongly supported by the standing committee and I believe it will get massive backing from the assembly."

Mr. David Steel, the Liberal leader, who will argue the case for continuing the pact in a keynote speech to the conference tomorrow, is expected to resist the move in the the future of the agreement to this one issue.

Recognising the problems that Mr. James Callaghan may have in delivering the votes of anti-EEC Labour MPs, the Liberal leader has accepted assurances that the Government would "use its best endeavours" to push through the legislation early next session.

Whatever difficulties may now ensue over the standing committee's amendment, the Liberal assembly seems certain to give its overwhelming endorsement to the Lib-Lab pact in general.

Mr. Cyril Smith, M.P. for Rochdale, who has hinted that he may resign as the party's spokesman on employment if support for the Government is continued, aims to rally opposition to the pact at an eve-of-debate meeting to-morrow.

## Unlikely

Mr. John Pardoe, the party's economic spokesman, who has indicated his view that the pact should be sustained until the autumn of 1979 if possible, said yesterday: "I would guess now that the vote against the pact will be significantly smaller because of what Mr. Smith has been saying and writing."

The conference vote is also unlikely to be affected this week by signs of declining support among Liberal voters for continued co-operation with the Government.

A Sunday Times opinion poll yesterday showed that the 69 per cent who thought the pact was good for the Liberal Party in March has now shrunk to 48 per cent.

But the crosinn has been noticeably less marked among the party activists from whom the 1,500 delegates at Brighton have been drawn.

Lord Lloyd of Kilgerran, who was expected to be the party's next treasurer, resigned his nomination last night because, he said, of the lack of an undertaking to back him in fund-raising drives. "I only agreed to be treasurer if I was supported strongly by chaps getting money."

# Plan to strengthen powers for councils to help industry

BY STUART ALEXANDER

THE GOVERNMENT is planning to introduce a Bill giving some local authorities extra powers to help industry.

Authorities with serious inner area problems would be able to increase from 75 to 90 per cent. their loans for buildings, improvements and land purchase, and there would be more Industrial Improvement Areas.

In addition to existing loan provisions under the new system loans would be available for buildings with mixed uses, for instance, industrial and office, where the local authority considered that these would be of general help to an area.

The extension of improvement areas was forecast by Mr. Ernest Armstrong, Under Secretary of State, Department of the Environment, at a conference at Newcastle-upon-Tyne last month.

Nearly all the measures in the proposed Bill would owe their origin to the pioneering work done by various individual authorities but, instead of each having to seek separate and specific legislation the powers would be consolidated in one Bill.

However, the Department of the Environment, which has been canvassing the views of local authorities, says that existing regional policy priorities must be maintained, implying that there will be no general proliferation of powers or government money.

Other proposals would give those local authorities where the Government has a partnership scheme giving special industrial assistance, the freedom to give grants for rent relief and loans for site clearance.

The Department expects that some of the funds can be found by the local authorities themselves merely by redirecting existing money, but recognises that at a time of financial constraint, some additional expenditure would have to be covered by the urban programme.

It also points out that this extra assistance could affect the competitive position of individual companies and is planning discussions with the EEC over details.

Although all the proposals fall within the Government's declared policy for industrial regeneration by local authorities this new initiative is expected to cause added controversy at the Local Government conference to be held at Bournemouth this week.

Many authorities believe that some areas are already too heavily favoured.

Finance is expected to dominate the conference, which is attended by all three major local government groups — the Association of Metropolitan Authorities, the Association of County Councils and the Association of District Councils.

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## Weather

U.K. TO-DAY

MOSTLY DRY, with sunny intervals in E. and Cent. districts. Cloud and outbreaks of rain spreading from N. Ireland and W. areas to E. Scotland, N. and Cent. England.

London, S.E. England, E. Anglia, Channel Is.

Early fog clearing. Mostly dry with bright intervals. Max.: 20C (68F).

Cent. S., E., S.W., Cent. N. England, Midlands

Mostly dry with bright intervals. Becoming cloudy with some rain later. Max.: 19C (66F).

Wales, N.W., N.E. England, Lakes

Becoming cloudy; outbreaks of rain after dry morning. Max.: 17C (63F).

I. of Man, S.W., N.W. Scotland, Argyll, N. Ireland

Cloudy; rain, heavy at times. Hill fog. Max.: 15C (59F).

Borders, Edinburgh, Dundee, Aberdeen, Glasgow, Highlands, Moray Firth

Dry at first, becoming dull and wet. Max.: 16C (61F).

N.E. Scotland, Orkney, Shetland

Showers, sunny intervals. More rain later. Max.: 13C (55F).

Outlook: Rain in N. and W. Warm in S.E.

BUSINESS CENTRES

HOLIDAY RESORTS

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# IMF backing

Leonard, secretary general of the Organisation for Economic Co-operation and Development.

He said fiscal policy in spite of the recent German and Japanese packages and continued reasonable prospects for the U.S. economy, "the indications are that it will be necessary to revise downwards our earlier forecast of 4½ per cent. growth in the OECD area from mid-1977 to mid-1978. In Western Europe, the new forecasts seem likely to yield a growth rate significantly lower than that needed to raise capacity utilisation and reduce unemployment."

Then, turning to what has emerged as the central theme of the discussions he said: "Indeed, looking at the prospects for the world economy as a whole, the key question is whether the balance of risk lies between further action which might lead to an excessive rate of recovery, and inaction which might lead to it petering out."

While the general agreement over the last 15 months was that the greater risk lay with excessive recovery re-igniting inflation, that might no longer be the case.

He lent guarded support to the proposition that countries other than those with payments surpluses and good inflationary records might have to shift to more expansionary policies.

The interim committee spent some time discussing two technical aspects of IMF business—the coming increase in fund quotas and the conditions which are attached to IMF loans.

It appears that the more hard-line German position on both these interrelated subjects—which would mean applying IMF terms to a higher proportion of a member nation's borrowing—has scant chance of being adopted.

Mr. Healey said he did not see much disposition among potential borrowers to support any redistribution of tranches in the IMF.

No serious attempt was made to get agreement in principle on the size of the next quota increase, though a consensus may be emerging that it should be as large as 50 per cent. This is likely to be resolved by the next interim committee meeting, which has been scheduled for March in Acapulco, Mexico.

Peter Riddell adds: The Cabinet is unlikely to decide on the size or detailed composition of the economic measures for a few weeks partly as Mr Healey has said, to allow time for the Government to get some indication of the pattern of wage settlements, especially those involving Ford and the local authority manual workers. He may also want to wait until the new Treasury forecasts are available in November.

The general expectation is that there will be a two-part package spread between a modest stimulus this autumn and larger-scale action in the spring budget.

The autumn package is likely to include public spending measures to aid the construction industry and possibly extension of the job preservation and creation schemes. A Christmas bonus for pensioners may be considered.

# THE LEX COLUMN

# Foreign money and the gilt market

When a market is rising as fast as the gilt-edged market has been recently—last week some of the long dated stocks again put on three points or more—it is not surprising that wild rumours should be circulating. On Thursday, for instance, there was talk of U.S. fund managers rushing to beat imminent clamps on foreign currency inflows—despite the unlikelihood of any substantial measures with so many senior Government economic advisers concerned *with other matters in Barbados* (last week) and Washington (this week).

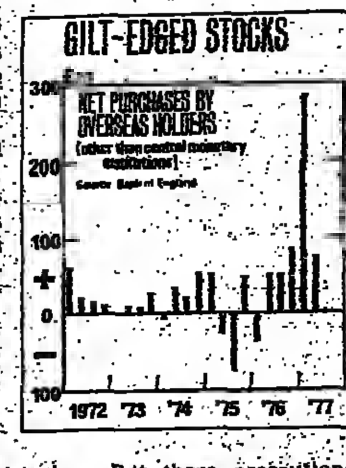
By Friday the story was that Merrill Lynch had bought a full page advertisement in the Wall Street Journal to urge Americans to fill their boots with U.K. Government bonds. The U.S. buying stampede, it seemed, had only just begun. But Merrill Lynch patiently explained to a stream of callers that no such ad had appeared, or was even planned.

Not that the "wave" of American and Continental interest in the U.K. gilt-edged market is entirely a myth, but *it is highly* prone to exaggeration. Even the authorities are hard pressed to keep track of the identity of buyers of gilts. Quarterly figures are published for identified transactions, but how many foreigners hide behind U.K. bank nominee names is a matter for conjecture.

In recent years overseas investors' activities in the gilt-edged market have, understandably, tended to be small but interest began to pick up towards the end of last year. It was in the first quarter of 1977 that the presence of foreign investors first became widely discussed. This culminated in the sellout in January of the massive £1.25bn. issue of Treasury 13¼ per cent. 1993. It turned out that foreign investors *other than central* monetary institutions (which had been modest sellers) had bought over £280m. of Government stocks during the quarter.

## Tax exemption

The authorities were concerned enough about foreign speculation to remove the customary exemption from U.K. taxation for non-residents, and abolish the bearer bond facility, when it came to the next gilt issue in March. This has continued to apply to all subsequent stocks. But these precautions have only had a slight impact upon foreign investors. The original rules still apply to all pre-March stocks, and many overseas buyers are reported to favour the novelty value of the ultra high coupon issues which appeared towards the end of last year—ranging up to coupons of 15½ per cent. In any case foreigners can still happily buy new tap issues so long as they are prepared to switch ahead of the dividend dates.




## Overseas buying

By the second quarter foreign interest had tailed away in line with the general setback in the gilt market and the more nervous phase for sterling in May. But once the dollar began to weaken more sharply, and sterling became buoyant again, the inflows resumed—with, according to one estimate, something like £100m. coming into the gilt-edged market last week.

The attraction to foreigners is obvious enough. With sterling one of the most solid currencies around, short term interest rates in London and New York have recently crossed over. But against long term Government bond yields of some 7½ per cent. in the U.S., long gilts in the U.K. were yielding 14 per cent. as recently as July and still offer nearly 12 per cent. The foreigner, too, is more impressed by the broad brush background of North Sea oil and IMF involvement than by the minutiae of pay deals which have tended to steer the U.K. monetary authorities towards an excessively cautious yield curve policy.

The decision to launch a new long tap—Treasury 12 per cent. 1995—this month already looks seriously misjudged. Yields have fallen by three-quarters of a point since then ... capital profit given away ... £800m. sold to the public stands at over £40m. ... this, presumably, has gone to foreigners.

However, the absence of a new issue at the ... last Friday, which ... renewed late surge ... suggests that the authorities ... letting the long end ... ket have its head ... being. There are no ... monetary worries ... that inflows ... gilts and there are ... as the ...

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# Bribery

The plan has all along been that the draft code, when agreed by the Commission after consultation, should be submitted to the ICC in December for adoption and promulgation for companies' use.

The proposed administering council would then be set up. At the same time the Commission would issue recommendations to Governments for legal outlawing of bribery (often already a crime), for strict enforcement of such laws, and for subsidiary measures such as close surveillance of the wealth of officials as a deterrent to bribery. The last-named plan has also proved controversial.

In America, where Mr. Michael Blumenthal, the Treasury Secretary, has said the Carter Administration must set "because the business community has failed to come up with its own code of ethics against bribes," the far-reaching Proxmire Bill on the subject is before Congress.

Reports of the international businessmen's conference in June on the ICC Commission's draft show that Continental opposition centred on two provisions in the draft.

These were rules for extensive supervision of agents, through whom many bribes are paid; and, in the recommendations to Governments, for surveillance of the wealth of Government servants, senior and junior.

Much concern was shown by the businessmen at the problem of "facilitating payments," smaller sums expected by certain Customs authorities for instance, to clear cargoes. One industrialist told of a delivery of 10,000 bottles of sterile penicillin at the airport of a Far Eastern country.

"It has been customary to pay the Customs officials the equivalent of $250 upon arrival of each shipment to get them out of the sun," he said. "The code of conduct of this particular corporation forbade that payment.

"The payment was not made. The Minister of Health of that nation then ordered that each phial be opened for inspection, thereby destroying the whole shipment. Now what does a director do under those circumstances?"



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